No. 306 / OCTOBER 1998

THE NI
NEW INTERNATIONALIST

CURRENCIES OF DESIRE
MONEY, MARKETS and MADNESS
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WIN
SKY HIGH PROFIT
LUCKY OPTION
Double Money
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- **When bottom up is top down:** the politics of solidarity and development
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The New Internationalist exists to report on the issues of world poverty and inequality; to focus attention on the unjust relationship between the powerful and powerless in both rich and poor nations; to debate and campaign for the radical changes necessary within and between those nations if the basic material and spiritual needs of all are to be met; and to bring to life the people, the ideas and the action in the fight for world development.

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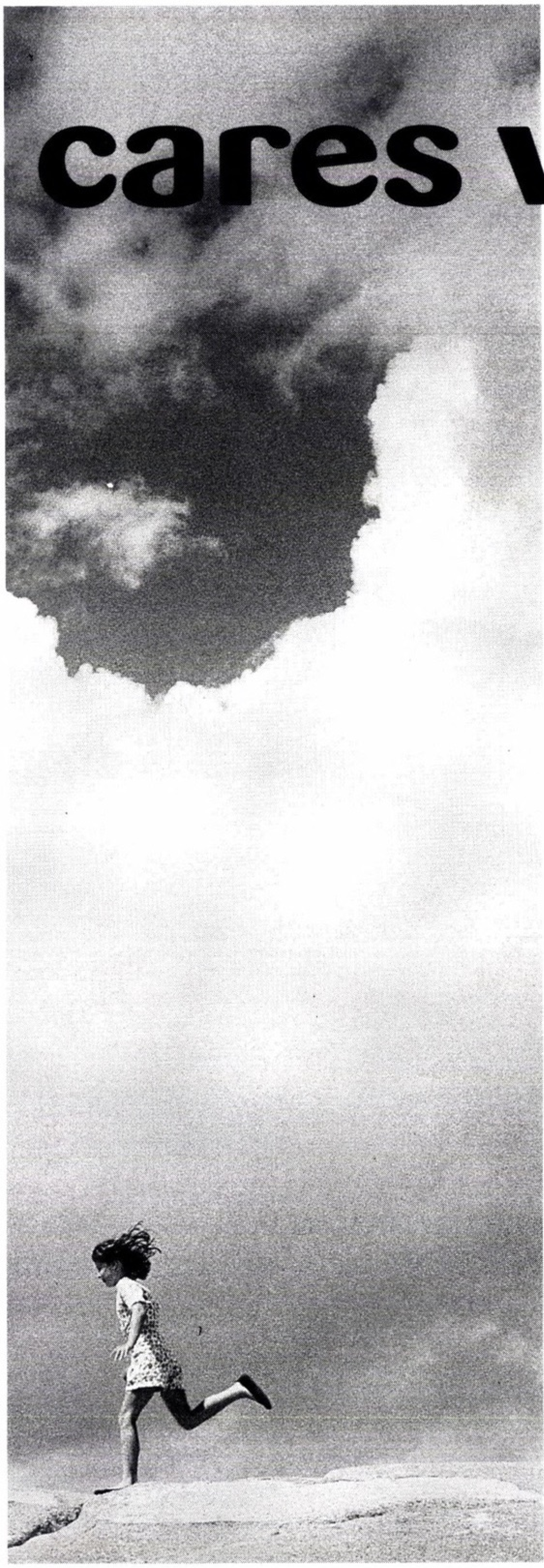

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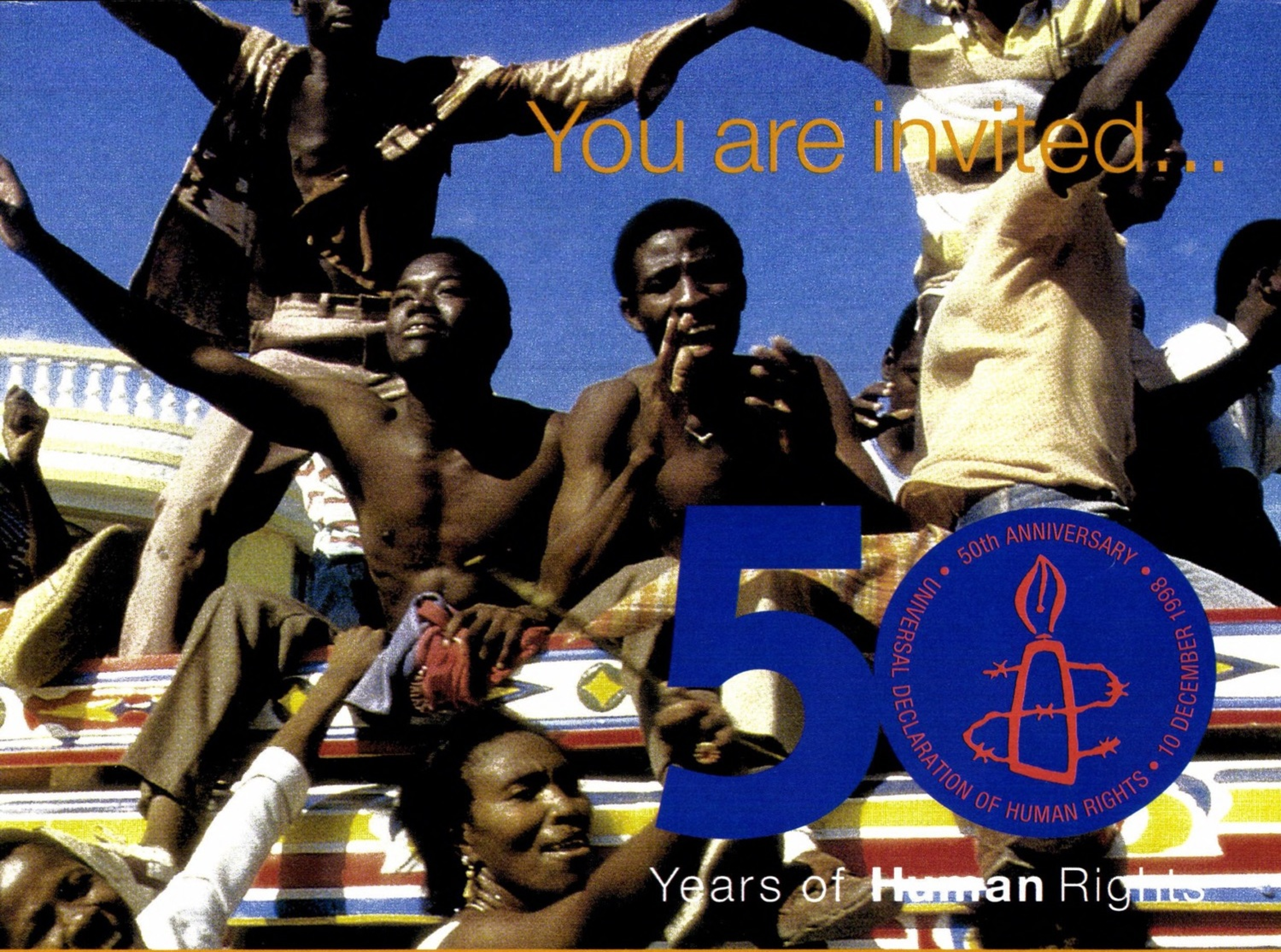

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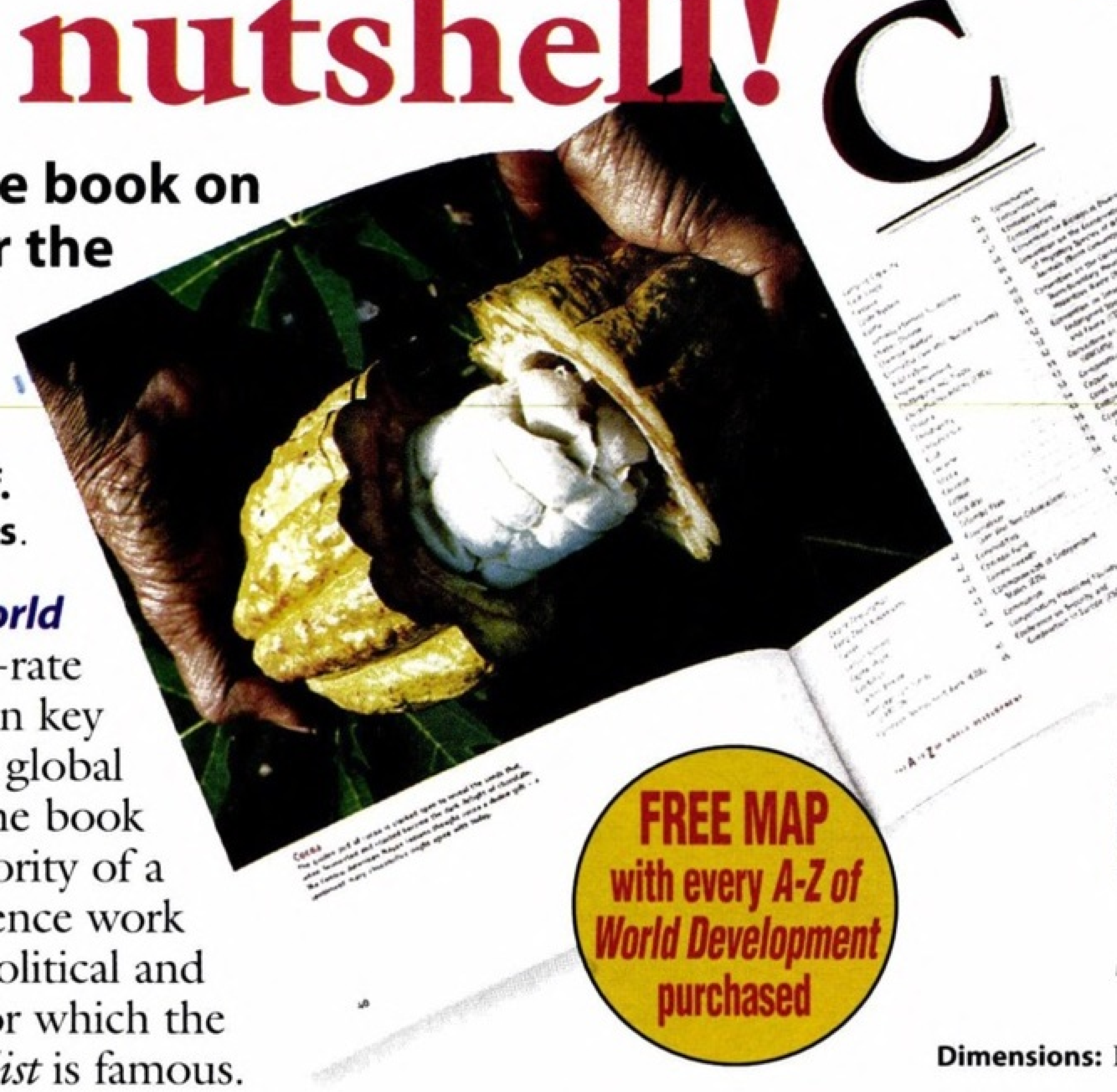

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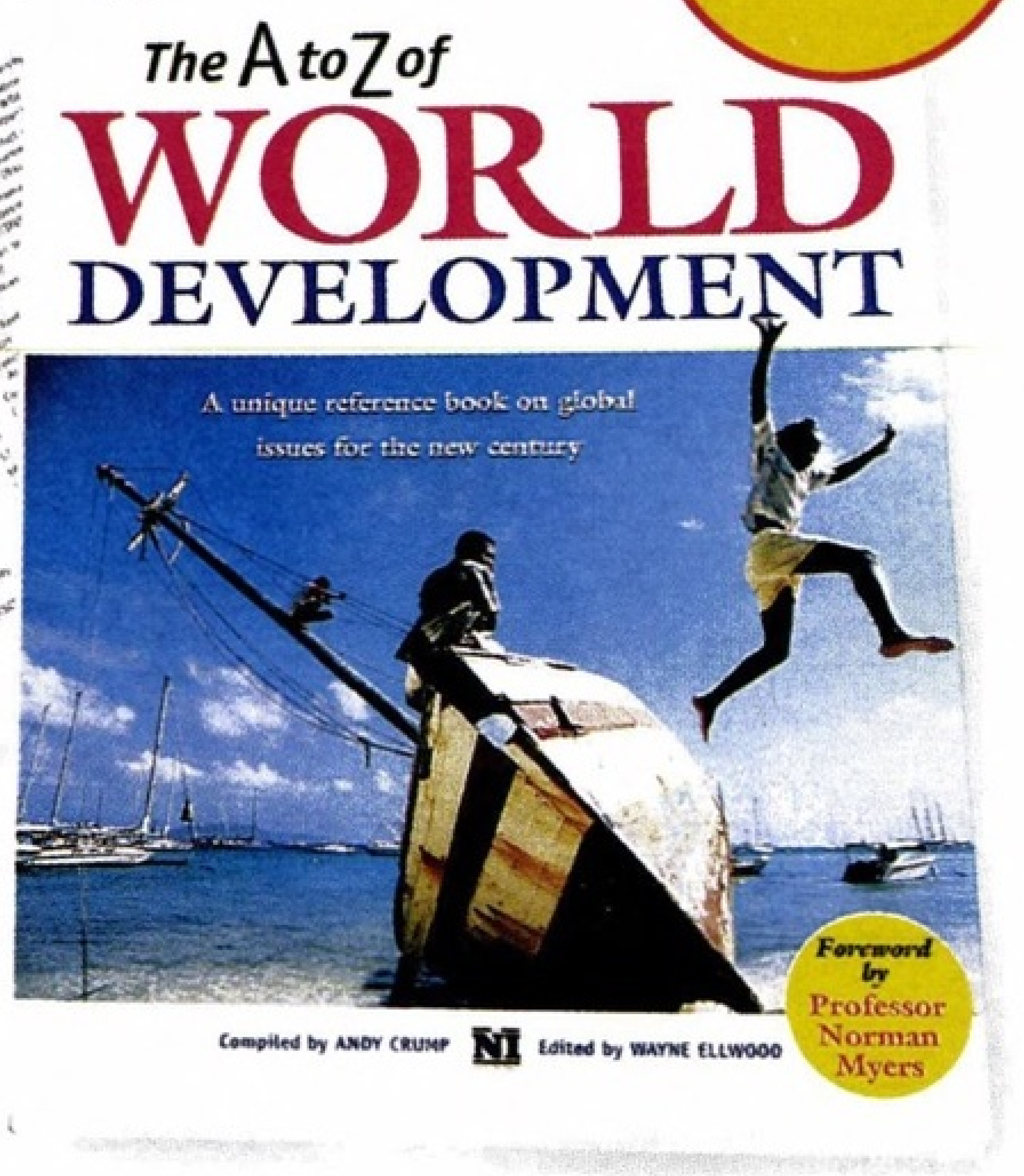

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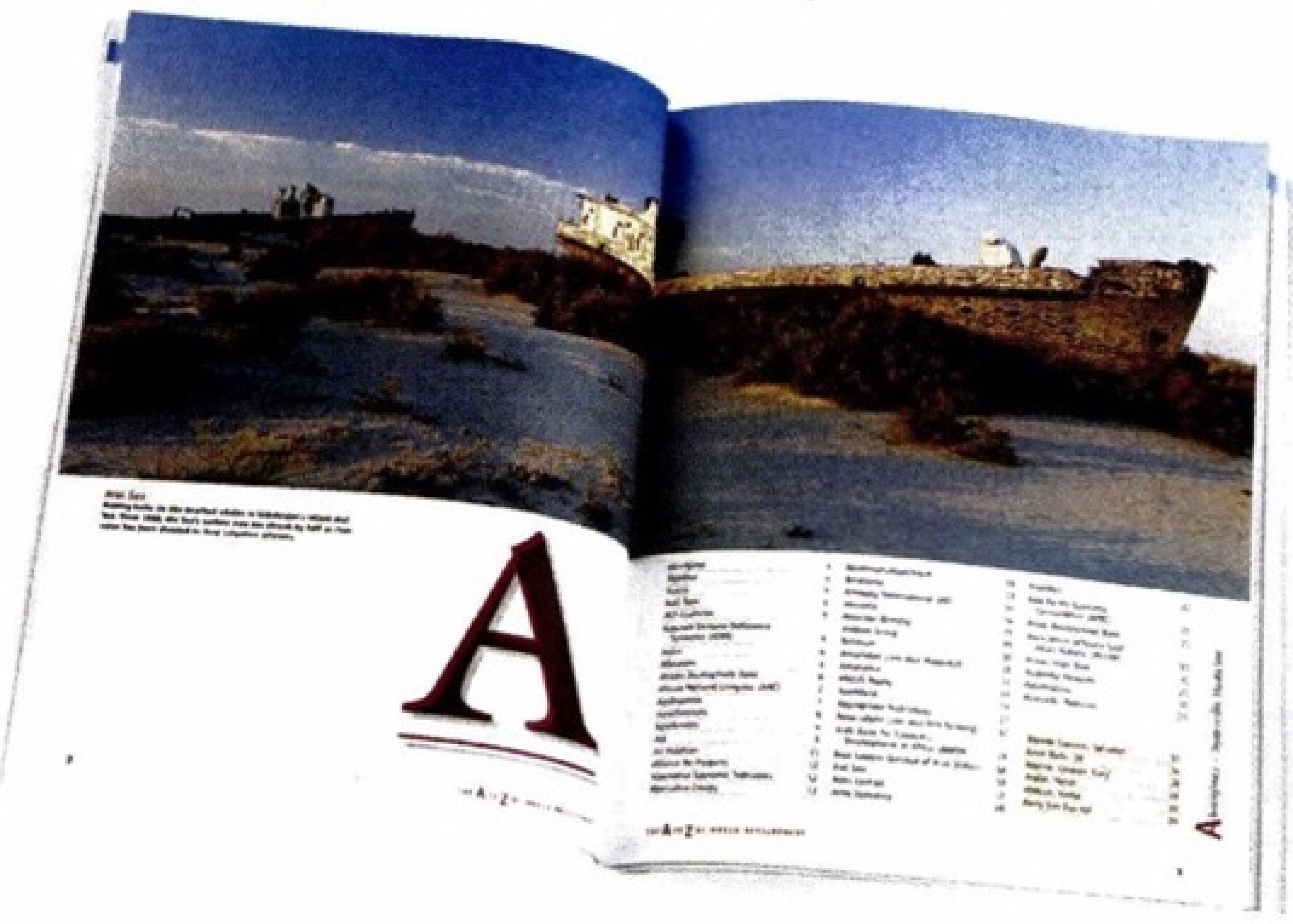

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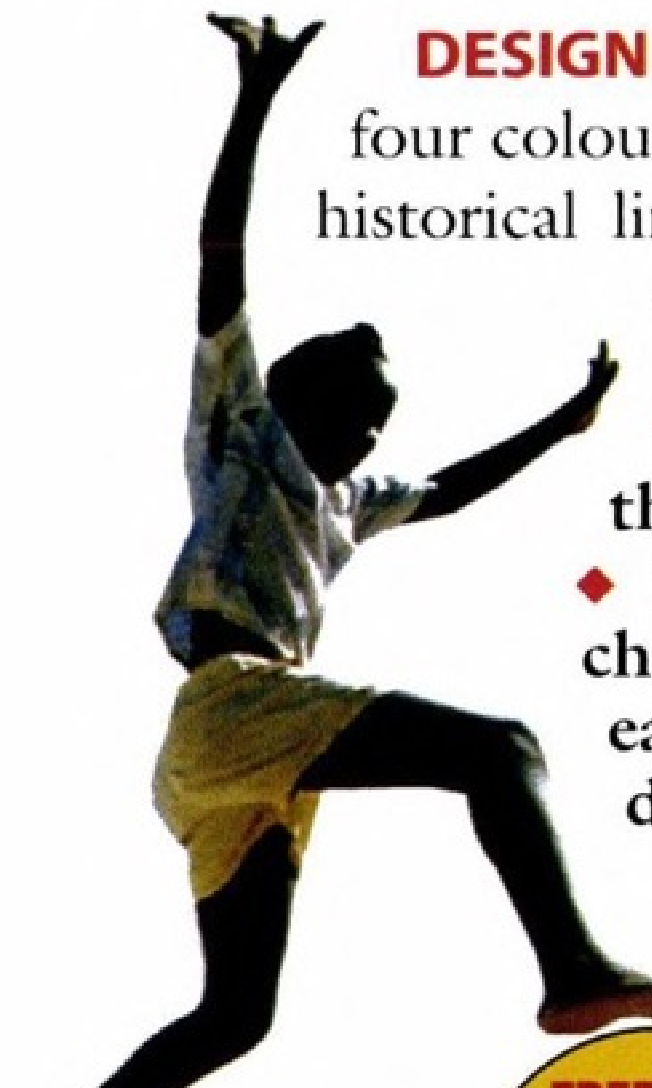

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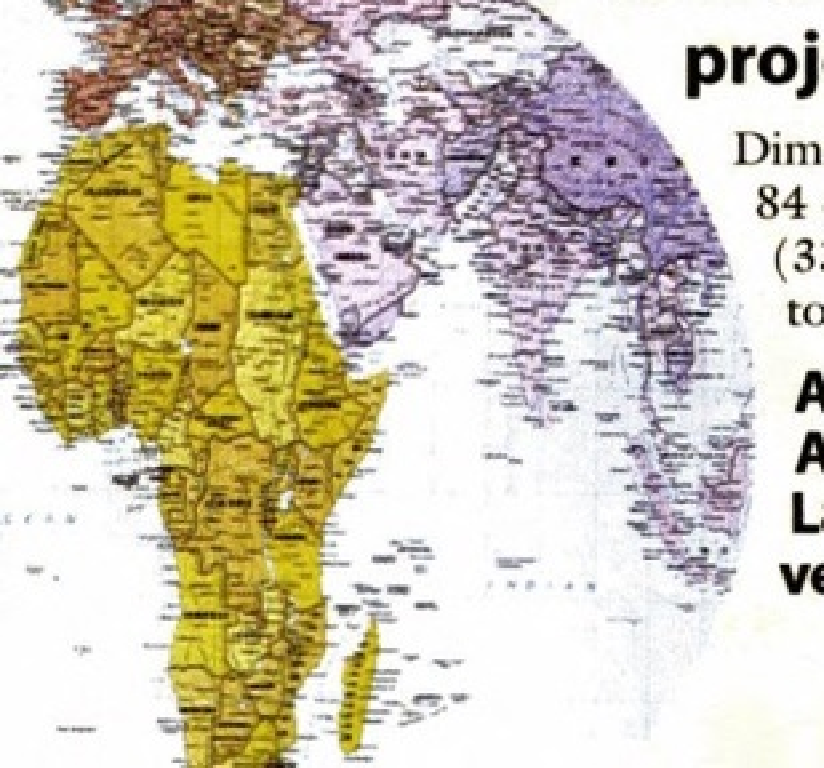

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*"Of course this **A-Z of World Development** is a research tool ... But it is also a reference book to be seen, to peruse, to read with your kids and to enjoy. So dig in.*

Wayne Ellwood, NI Co-Editor.

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THIS MONTH'S **THEME**

Money

FROM THIS MONTH'S **EDITOR**

'WHY pigs?' asked Nadia, a student volunteer as she watched the porcine characters appearing on the pages of this issue on Money.

I wasn't able to give a simple answer. Pigs just sprang to mind – probably for a range of different reasons.

Pigs, people and money are often connected – in Western culture, at any rate. There's the famous nursery rhyme of the five little pigs, for example, which starts with a trip to the market and ends in a squealing child's armpit. As I repeated the rhyme to myself, each part seemed to connect so neatly with crucial issues about money, I couldn't resist the conceit.

Meanwhile, developments in medical science suggest a deeper bond between pigs and people than we might like to think. Pig organs are the most compatible with those of humans and are likely to play an increasing role in transplant technology. The ethics of this may be muddy, but the biological message is clear. Forget cuddly monkeys, it's our porky cousins we are really close to.

Temperamentally too, links are often made. In George Orwell's *Animal Farm* it's the pigs who become most similar to humans. Like humans, they are intelligent, adaptable, omnivorous. And, whether this is fair to them or not, they are also supposed to be greedy. Very greedy. So when a corrupt politician or business person is described as having her or his 'snout in the trough', the pig is the creature that immediately leaps to mind.

Then there's the piggy bank, an item that most obviously links pigs, people and money. What's that about? Is it something to do with greed and hoarding? Or is it more benevolent than that? Piggy-bank pigs do tend to have quite friendly faces, and their rotund bellies are generous, healthy and capacious. They are good providers in times of hardship. So maybe the piggy bank has more rustic origins; perhaps it's derived from the idea of meat as a store of food, just as money is a store of value.

Ultimately, though, the most appealing porcine metaphor must be that of the flying pig. This one suggests both playful absurdity and soaring optimism; that inspiring – and endearing – human capacity to dream, even if it means risking ridicule.

Eduardo Galeano, one of this month's contributors, has for decades written with unstinting fire, passion and enthusiasm – and a wonderfully whimsical sense of humour. He usually ends his letters and faxes with a little cartoon of a flying pig or one with a flower between its teeth.

I find it utterly heart-warming. With gentle self-parody it expresses the joy of hope. And it's only hope that can bring about positive change in this world we – and that includes pigs, too – inhabit.

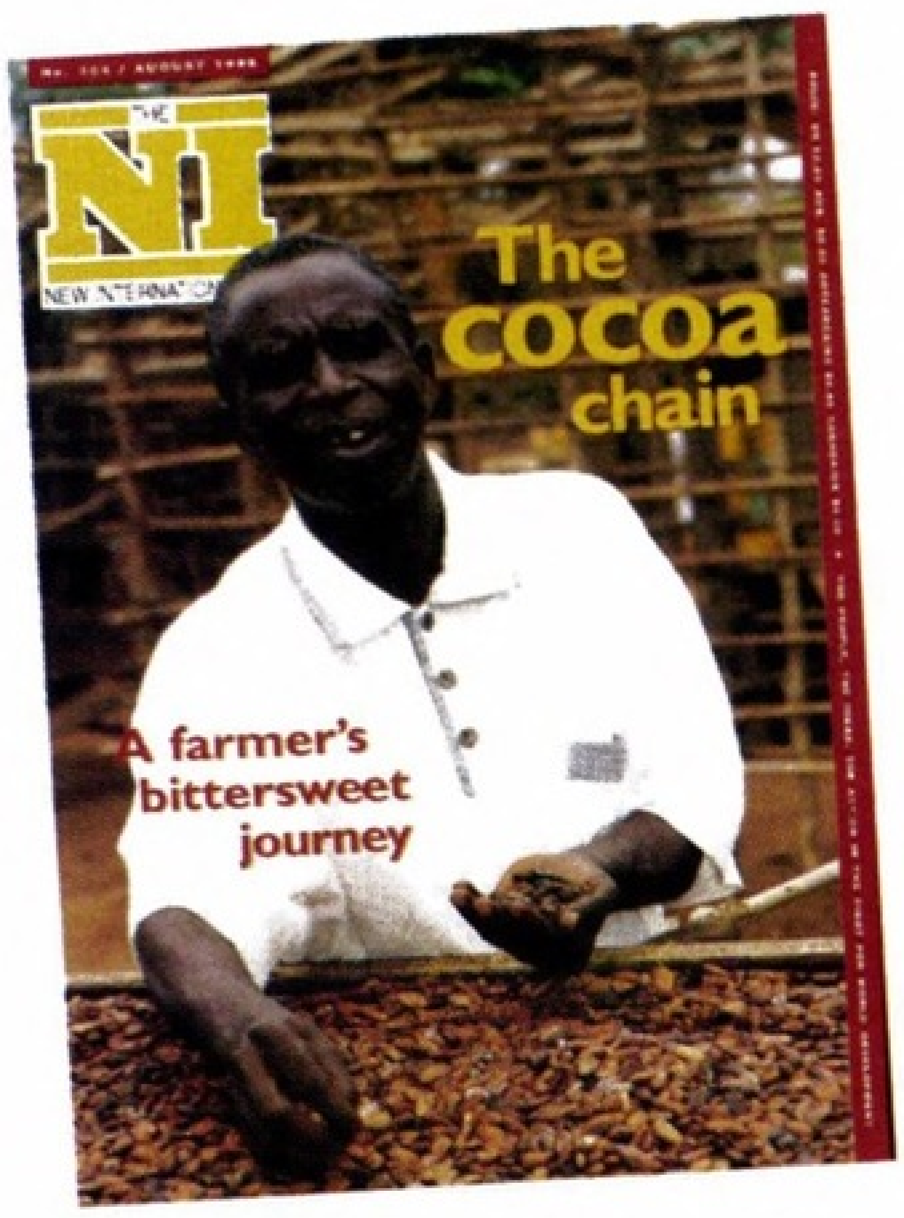
Vanessa Baird

Vanessa Baird
*for the **New Internationalist** Co-operative*

Letters

Tasty nibble

In your recent issue on ***Cocoa*** (**NI 304**) it was fascinating to follow the journey of the pod from its Ghanaian village to supermarket shelves in Britain. However, although you rightly focused on 'industrial' Big Chocolate, I would have appreciated some information about higher quality European chocolate. Not all of us chocoholics eat the industrial-grade stuff, preferring to nibble occasionally on the real thing, which though pricier, is far tastier and more satisfying.



As a consumer of such chocolate I would like to know more of its origins, especially as finding organic chocolate is not that easy in mainland Europe.

Also I missed the end-box detailing further reading and action groups – these contacts are always valuable.

Louise Schooneman
Nieuw Vennep, The Netherlands

Available cocoa

I read with interest the latest issue on the cocoa trade (**NI 304**). I would appreciate obtaining a chocolate bar from Ghana, either the Green and Black Maya Gold or the Golden Tree TQ bar.

Are either of these available to a resident of Canada?

Richard Beames
Vancouver, Canada

Editor: Unfortunately neither of these chocolate products is available in Canada.

The only fair-traded high cocoa bar I know of is *Mascao*, which is made from cocoa from Bolivia and Ecuador. It is sold by Bridgehead in Canada and by Oxfam and Traidcraft in Britain.

The New Internationalist welcomes your letters. But please keep them short. They may be edited for purposes of space or clarity. Send your letters to the nearest editorial office. The address and e-mail are inside the front cover. If you send an e-mail, please include a name and address.

Gender equality

Well done to the **NI** for publishing a view of family planning from a male perspective (**NI 303** 'Not knitting an orgasm'). Unfortunately the **NI** has a past of largely ignoring the male aspect of any of its stories, resulting in skewed coverage that questions the reality of its supposed ethos of equality.

Disappointing since the magazine normally excels in enlightened understanding of a polarized world.

Fortunately you have had the courage to publish other readers' letters (from both women and men) about this imbalance in recent months. I hope these 'radical' steps mean the **NI** is shedding its reliance on stereotypes and evolving towards genuine gender equality.

Gavin McNaughton
Leeds, England

Both sides now

I was disappointed to find that the author of 'A Moral Question' in the issue on reproductive rights (**NI 303**) made no secret of her stance on the issue of abortion.

I am not against abortion – though many years ago I did feel that the 'termination' of a foetus was somehow distressing and ugly and wrong, but subsequently I found myself in the position of having to have one myself. I still experienced my former feelings but came to realize that sometimes a sense of moral dis-ease has to be reconciled with practical and emotional issues. Abortion can be a difficult thing to do, however much we believe in the importance of its availability to all.

The debate is often focused on 'sides' - either we are on the mother's 'side' or on that of the foetus. Personally, I'm on both, because in the case of an unwanted pregnancy a life will always be sacrificed; either the child's physically or the mother's economically, practically and socially.

My plea is for the abortion debate to actually be a debate. Less angry and less stereotyping of 'pro' and 'anti' positions.

Yes, there are extremists at both ends of the spectrum, but there are an awful lot of more moderate people in between; we just never see them in the media.

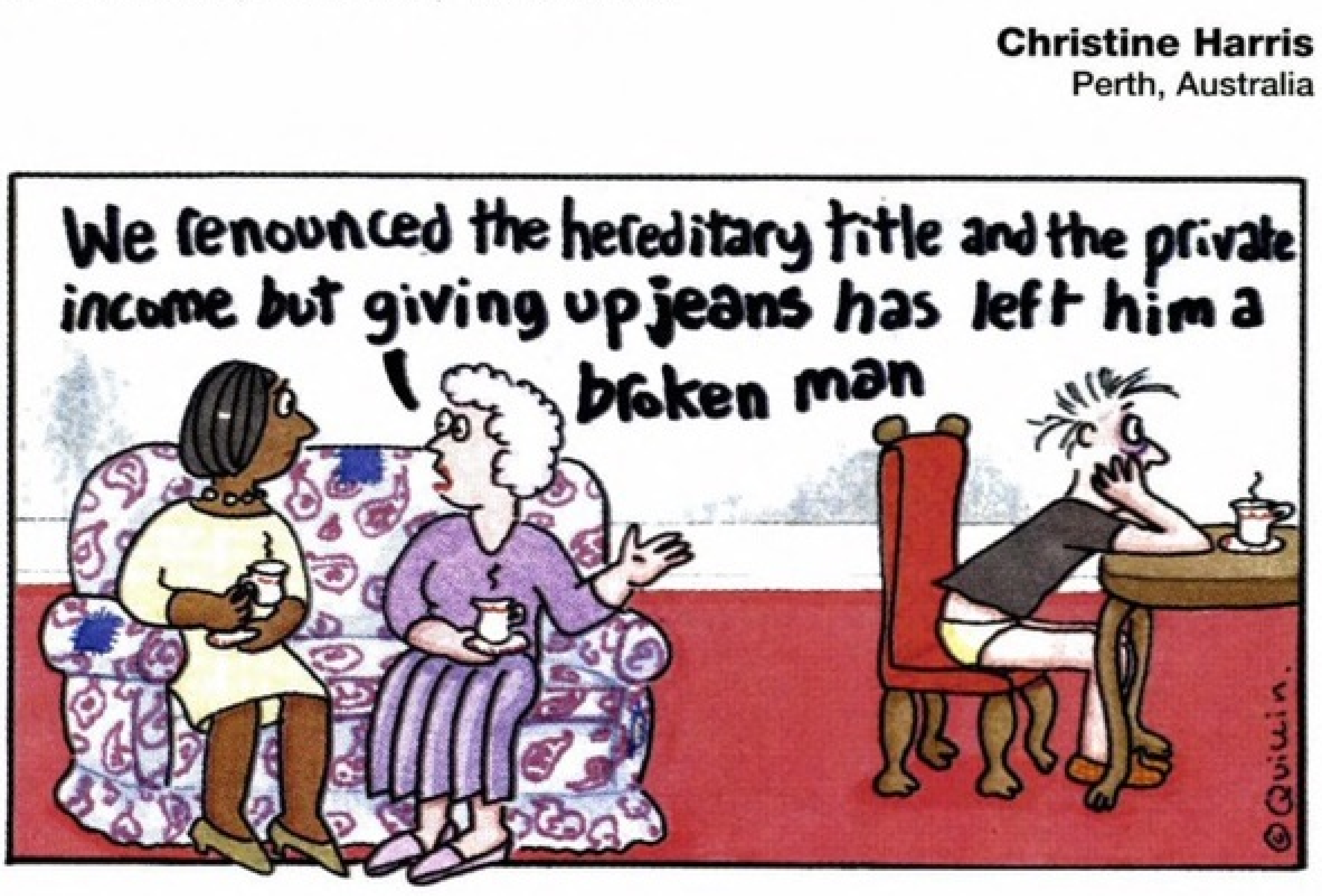
Lorna Donohoe
London, England

Soft approach

David Ransom's article 'Jeans the big stitch up' (**NI 302**) started out beautifully. But by the end I was disappointed. I can hardly agree with the statement 'no-one ever changed anything of importance by buying something else'. Surely, whether you are going to change things or not, it is at least important for your own sense of well-being not to support industries you don't agree with. I buy most of my clothes from co-op shops and can feel happy about this. I know this isn't for everyone but if we are going to bring about change then those of us not prepared to take the cheaper alternative of buying pre-loved clothes have to be prepared to pay the true cost for environmentally and socially sound products. The soft approach at the end of the article really demonstrated to me the target market of **NI** – upper middle-class people who aren't prepared to sacrifice too much.

Cotton is a hot topic in Australia at the moment with plans to dam the Fitzroy River in one of the few remaining wilderness areas, the Kimberly region of Western Australia, for irrigation. For more information contact Environs Kimberly PO Box 309, Broome, WA 6725.

Christine Harris
Perth, Australia


We renounced the hereditary title and the private income but giving up jeans has left him a broken man
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VIV QUILLIN

Portugal's referendum

With reference to your issue on reproduction (**NI 303**), Portugal and the Republic of Ireland are the most conservative countries in the European Union where legislation concerning abortion is concerned.

In Portugal abortion is illegal except for cases of rape, malformation of the foetus or when the mother's life is at risk. Women who undergo abortions for other reasons can be sentenced to jail for up to three years. As a consequence, many resort to clandestine abortion.

A recent referendum on this subject asked people if they agreeed with legalizing abortion when done at a woman's request in public health institutions for up to ten week's pregnancy. 49.09 per cent voted yes and 50.91 per cent voted no but approximately 70 per cent did not vote, so the results are not compelling.

Previously, Parliament had already approved a bill institutionalizing the current situation. This had been submitted to the referendum as an attempt to prevent more progressive legislation. I sincerely hope that women will not keep on dying as victims of botched abortions.

Sónia Duarte
São João da Madeira, Portugal

Troubling questions

Your *Endpiece* on Argentina's 'Dirty Peace' (**NI 303**) mentioned a master-torturer named Julian ' The Turk' Simon, evidently well-known but not yet brought to justice by the country's corrupt Government.

Some troubling questions arise: who provided that piece of slime? His parenting and schooling? Who will pursue the inquiry? Who is accountable? And who will prevent the production of more such fiends? By answering 'no-one' we condemn not just Argentina.

R V MacLeod
Sirdar, Canada

No resources

Your remarks in the *Update* (**NI 302**) on migrant workers in Malaysia imply that Malaysians are treating these people unfairly. Please be reminded that the loss of employment is now a pervasive problem in South-East Asia and is suffered by workers in all sectors – not exclusively the migrant ones.

Secondly, your quote of the wages of workers is misleading and does not warrant comparison with American or European wages since the standard of living is very much lower. The labourers are paid decently by local standards and certainly at least five times higher than what they would earn in their home countries.

Lastly you fail to include the fact that boatloads of up to 1,000 illegal immigrants are arriving daily. Illegal squatter areas mushroom across the country. We have no resources to cope with these people and the additional problems they represent.

Yap Mun Ching
Kuala Lumpur, Malaysia

Thanks!

Thanks to the many readers who sent in ideas for topics – we will feed them into the autumn meeting where we decide on next year's issues.

The views expressed on the letters page are not necessarily those of the New Internationalist.

Letter from Mongolia

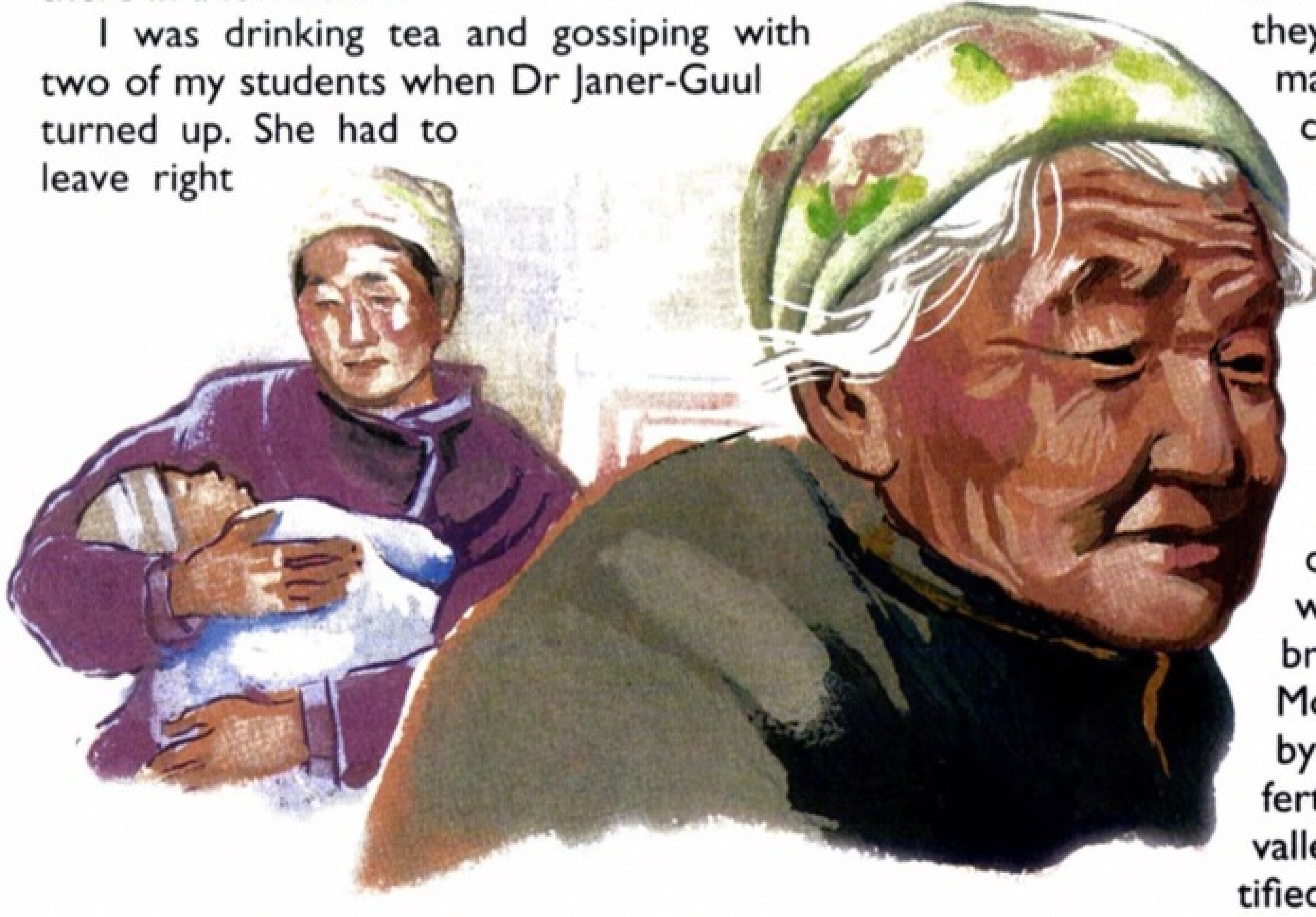
Life and death in the hidden valley

Winters are long and summers short in the mountains of western Mongolia. **Louisa Waugh** visits a sick family in a remote community.

GEREL Huu and her great grandson became sick at the same time. Five-year-old Yaluul sweated feverishly, but shook with cold and was wracked with a deep cough. Gerel Huu felt completely drained – for the first time in her long life she refused to rise from her bed. Her head throbbed so badly she could hardly bear to open her eyes.

The whole family was worried – from their remote settlement it was only 30 kilometres to the nearest village, but they lived halfway up a mountain and the river had already frozen. Yaluul's father, Erdenebat, mounted his horse, forded the narrow river and rode down to the valley floor. He cantered and then galloped into Tsengel village, stirred on by anxiety for his grandmother and his son. He easily found one of the three local doctors, who promised she'd be there in a few hours.

I was drinking tea and gossiping with two of my students when Dr Janer-Guul turned up. She had to leave right away. Was I coming to one of the hidden valleys amidst the mountains that surrounded my new home?


SARAH JOHN

I grabbed my camera, ushered my students out of the room, and jumped into the battered but reliable Russian medical jeep.

Ours is the last western village in Mongolia – from here on there are only mountains, nomads and wild, beautiful, dangerous countryside. We crunched west along the high river bank, stirring camels and herds of sheep and goats, gradually climbing into the barren mountains. We turned a very sharp left and dragged the jeep up a narrow rocky valley. I thought we'd never make it – this fierce landscape is accessible only by horse and camel for months at a time. But the jeep plunged up and on – past crudely built wooden cabins where Mongolians, Tuuvans and Kazakhs herded for generations. We finally reached a small plateau where Gerel Huu, Yaluul and their extended family sheltered against overhanging rocks in their two wooden cabins.

'They've both got to go to hospital. We'll take them straight back with us,' stated Janer-Guul, calmly binding her stethoscope. But even now, Mongolian hospitality dictated that we sit around the cabin stove and drink bowls of salty milk tea and dried cheese curds – we couldn't just leave.

Locals trickled into the already darkening cabin – word of visitors gets around here fast. Gerel Huu listlessly packed a few clothes, wrapped them in a shawl, whilst Erdenebat sat cross-legged telling me the family history.

'We've lived in this valley for 18 years. I've got 110 livestock now – but the winter is brutal and long. Sometimes even the horses can't get through. It's very hard for Emee (grandmother) and the children.' Erdenebat's wife sat passively rocking her whimpering son. She looked a decade older than her 31 years. The men seem to thrive here in the mountains – they look robust and at ease. But many of the women appear completely jaded – exhausted from childbirth, raising and feeding their large families.

Gerel Huu is 78 and has outlived all but two of her seven children. She has 16 grandchildren and 25 great-grandchildren. She has lived all her life either in a one-room candle-lit cabin with narrow cots, or, in the brief summer, in the traditional Mongolian felt *ger* tent, carried by the family's camels to the fertile plains lower down in the valley. Her deeply lined skin testified to a life spent in these windswept mountains.

She now clutched my hand in her dry palm as we left her cabin and she hobbled toward the medical jeep. 'I need to go to hospital,' she confessed to me. 'But in summer you come and visit – it's beautiful and warm then.'

We crammed into the jeep – Janer-Guul, Yaluul and his silent mother, Gerel Huu, me and a young herder who also had to go to Tsengel.

As we lurched down the mountain, Gerel Huu held her head in her hands. 'Terrible, terrible!' she told me, her face puckered with pain. Yaluul was finally sleeping, rasping as he breathed.

We reached Tsengel's run-down hospital two hours later. I waved goodbye to the small party and wandered back to my own Mongolian ger, elated by the journey but subdued by this first encounter with life and death in the mountains.

Gerel Huu is fine – she's back in her valley and rises at dawn once more. Yaluul died in hospital five days later. ■

Louisa Waugh is a freelance writer who lives and works in Mongolia.

Update

ENVIRONMENT

Forest furore

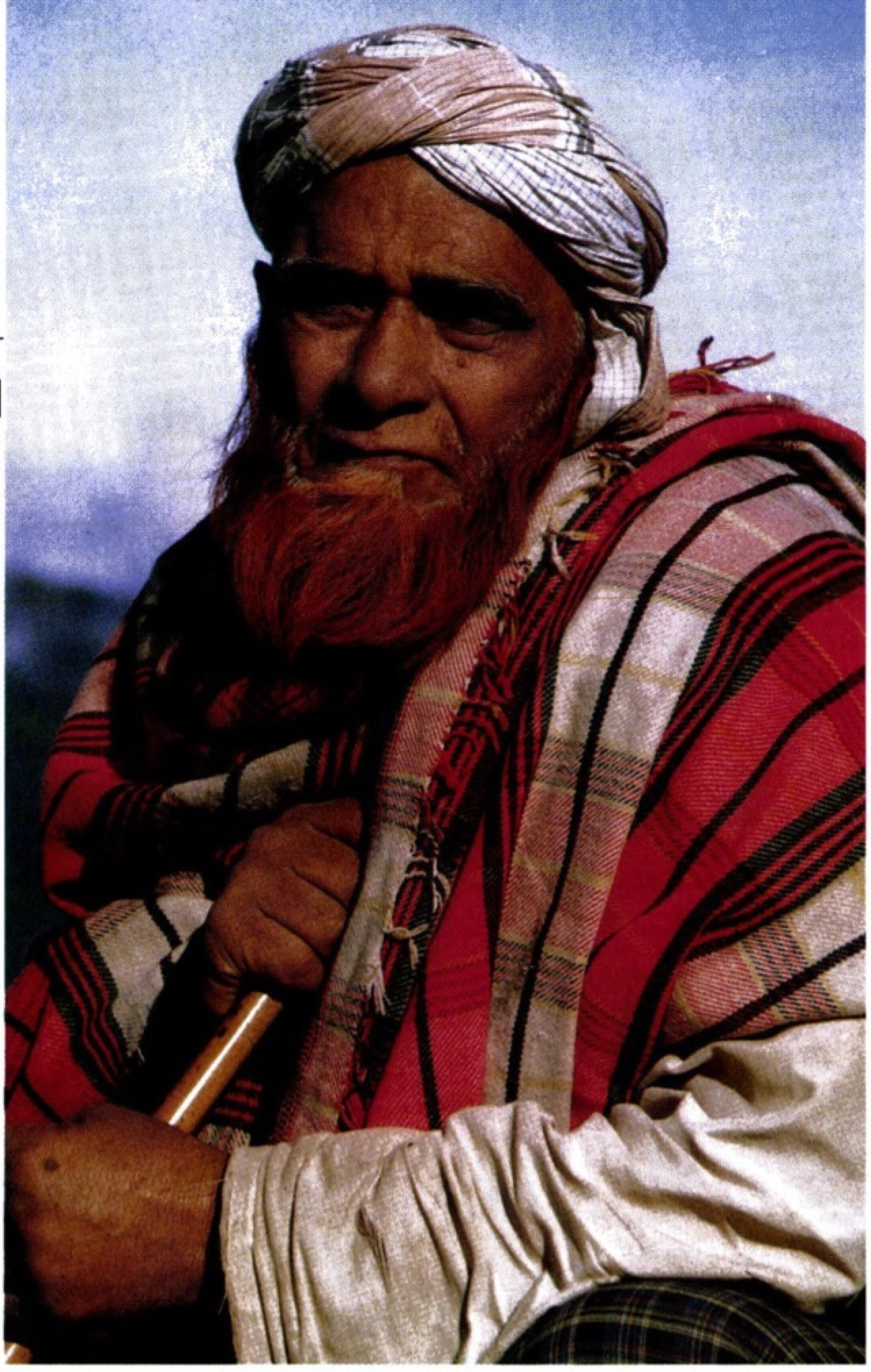
Authorities and indigenous people at odds over National Parks

Park rangers are pitched against nomadic people at the Rajaji National Park (RNP) in India. The Van Gujjars are a nomadic pastoral people inhabiting RNP and other forest stretches over an area of 80,000 hectares across western Uttar Pradesh and the Shivalik ranges. They are now involved in an ongoing struggle to retain access to the area which is being closed off by park authorities.

Recently Van Gujjars held a protest meeting at the town of Mohand to express their opposition to 'oppressive methods' adopted by RNP authorities to force them to move into a claustrophobic resettlement colony built at Pathri, a marshy stretch of land without any vegetation. Saini Bibi, a Van Gujjar women fighting for their future, reveals that RNP authorities are forcing people to sign papers saying they are leaving the forest of their own free will.

One Van Gujjar elder pointed out that they are prevented from grazing cattle in the area and are insulted and beaten up by RNP authorities for no reason. Another Van Gujjar chief denied the allegation by the park authorities that the community is responsible for environmental damage. He blamed corrupt forest officials in league with the loggers for starting forest fires. Talib Pradhan, a Van Gujjar elder, says: 'We cannot bring any harm to the forest because our work is looking after the buffaloes and trees. When we cut the fodder for our buffaloes, we cut in such a way as to have fodder increase its growth.'

Studies by London University say that the park is 'relatively unaffected' by the Van Gujjar people's activity. And the Van Gujjar are a source of information about biodiversity as they know every species of tree, its quality as fodder, the timing of its leaf-fall and various medicinal properties. They are familiar with a large stretch of land because they move down to the plains of the Shivaliks with their herd of buffaloes in the winter and return to the Himalayas during the summer.


JOSEPH ANTONY

Standing firm – Van Gujjars resist oppression.

'Their knowledge about animal husbandry, milk production, environment and nature is unquestionable,' says Avadesh Kaushal, Chair of the Rural Litigation and Entitlement Kendra (RLEK) which supports Community Forest Management, putting indigenous communities at the apex of forest management. Kaushal says the Van Gujjars are an example of successful local control of resources: 'We are quite sure that wildlife will prosper if the Van Gujjars are allowed to manage a part of RNP on an experimental basis.' ■

Radhakrishna Rao

J C TORDAI / PANOS PICTURES

Torture condemned

Israeli human-rights watchdog Betselem has lamented Israel's human-rights record. In the report, the Israeli authors asserted that between 1,000 and 1,500 Palestinians underwent interrogation every year and that 85 per cent of them were subjected to torture. It also stated that the routine practice of torture was not merely contrary to Israel's obligations under a variety of international conventions, but also pointless – many of the victims of torture are subsequently released without charge.

Middle East International No 580

Names hurt

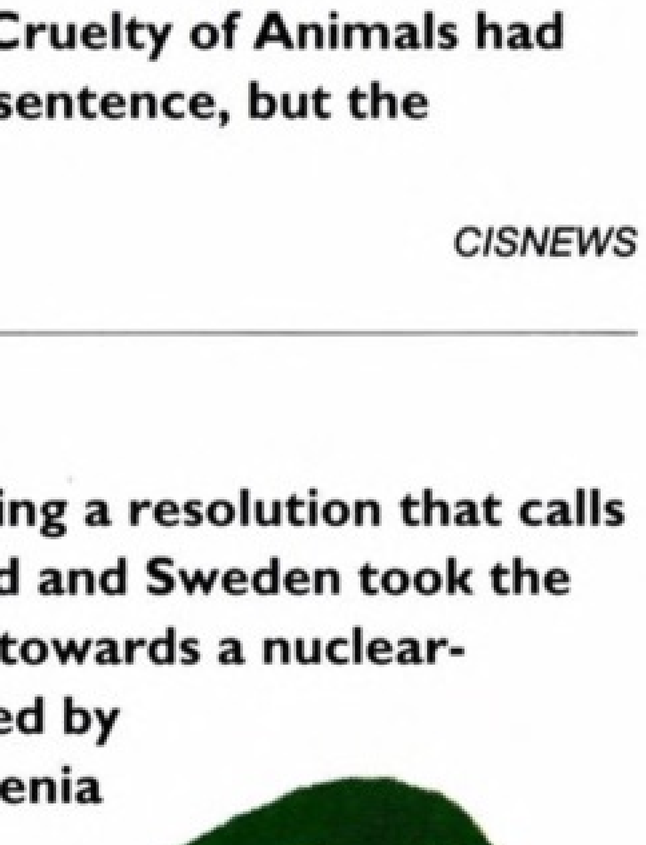
Tanzania's Chief Justice has described as 'stupid' a magistrate's ruling that a dog must be killed because it was named 'Immigration'. Police forced Mr Anatoly Kachela to club his dog to death after a magistrate in the town of Sumbawanga ruled that the dog's name offended the country's Immigration Department. Tanzania's Society for Prevention of Cruelty of Animals had sent a team to Sumbawanga seeking to appeal the sentence, but the magistrate refused to grant a stay of execution.

CISNEWS

No-nuke millennium

A group of member countries at the UN is promoting a resolution that calls for the total elimination of nuclear weapons. Ireland and Sweden took the initiative in June by announcing a joint declaration 'towards a nuclear-weapons-free world'. The declaration was also signed by Brazil, Egypt, Mexico, Aotearoa/New Zealand, Slovenia and South Africa.

These countries call for the Governments of the five nuclear-weapons states – the US, Britain, France, China and Russia – and the new nuclear states of Israel, Pakistan and India to commit themselves to the elimination of their stocks and capability. Michael Hoey of Ireland says: 'We are looking for a millennium free of nuclear weapons.'



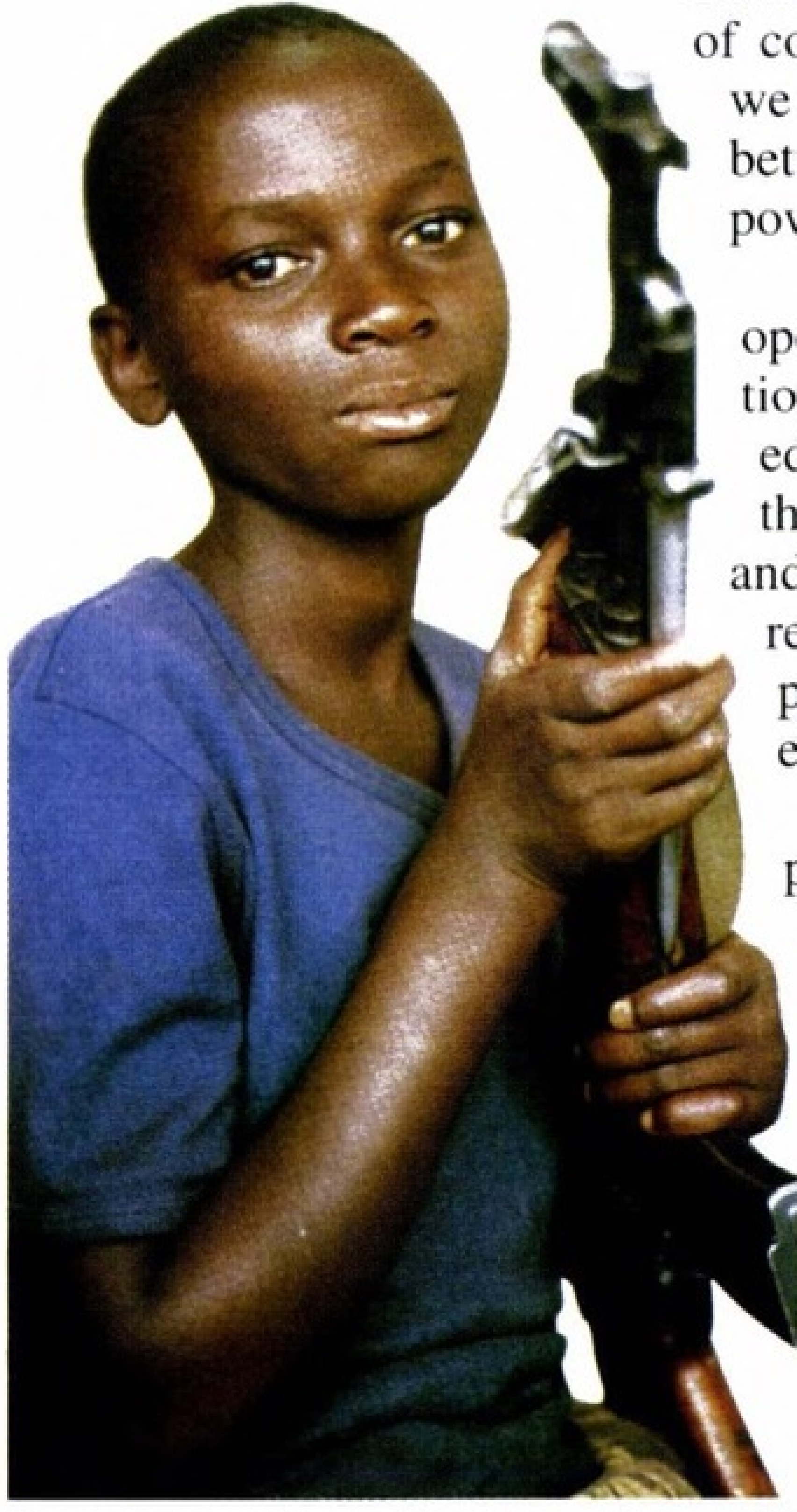
Thalif Deen/*Third World Network Features*

CONFLICT

Let's talk

Words not weapons are needed in Uganda

‘We gaze stupefied by the paralysis of the Government and its powers,’ says Ugandan priest Jack Morris. ‘Something drastic is wrong.’ His comments add to the outcry of the Church against government response to a 12-year conflict between the army and rebels of the Lord's Resistance Army (LRA) in Uganda. The Government has tried to suppress the rebels by force and President Museveni says he cannot understand why churches want the Government to be ‘soft’ on the rebels by engaging in dialogue. But many say the time is right for negotiation.



Young gun – a Lord's Resistance Army soldier.

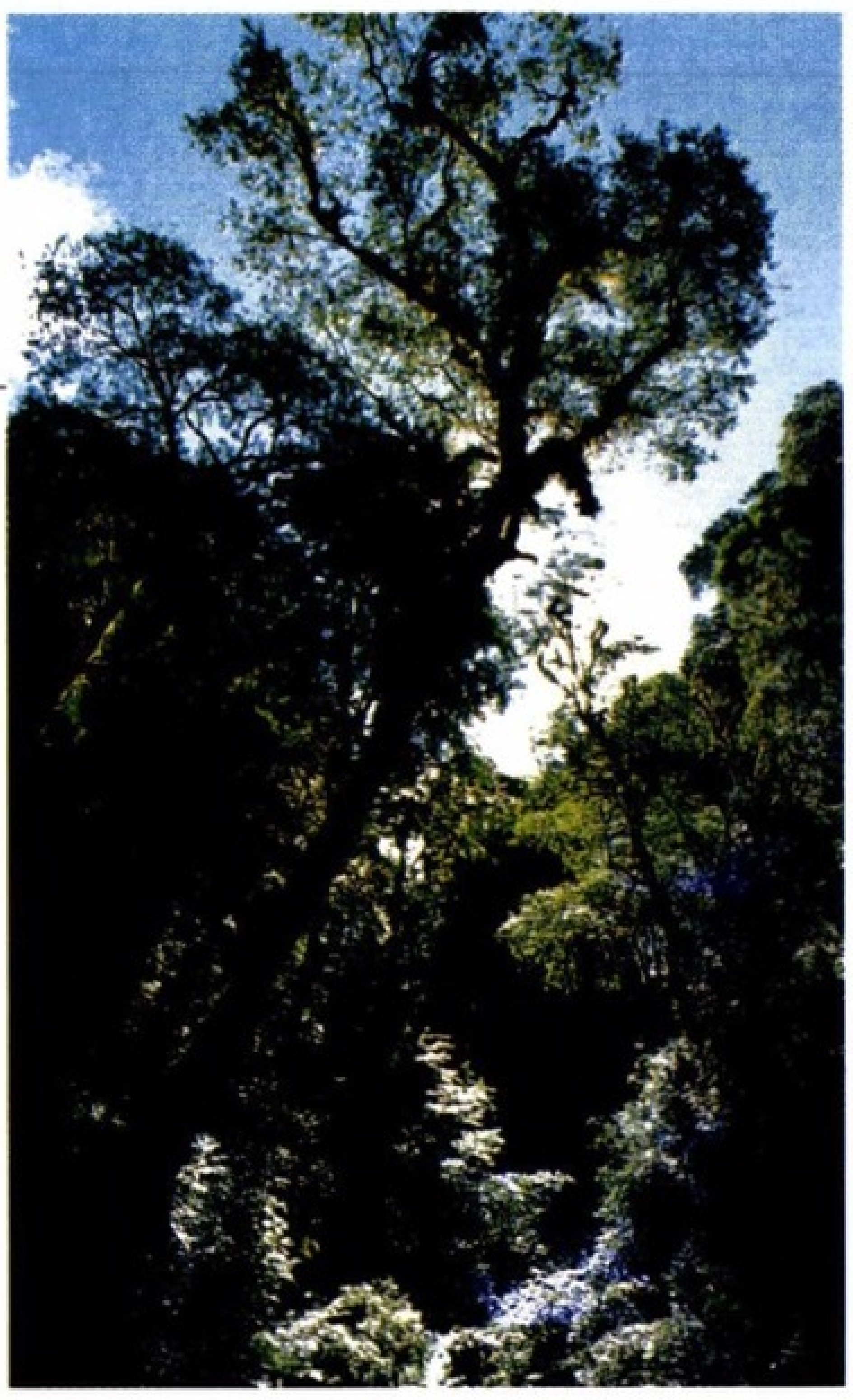
Bishop Onono Onweneng of Gulu diocese urges that ‘channels of communication’ are needed with the rebels. ‘Let's see how we can bring them back into the flock,’ he says. ‘Relationships between human beings should be based on love rather than on power structure.’

His diocese is in an area of the north where LRA rebels operate. The rebels blend elements of Christianity with traditional beliefs of the Acholi ethnic group. They have a dedicated following but also recruit by terror – mounting raids from their bases in southern Sudan to seize boys to fight as soldiers and capturing girls to be concubines. The fighting between rebels and the army has killed or injured 300,000 people, displaced 400,000 and had a devastating effect on the social and economic life of the Acholi people who live in the north.

Recently, Gulu church representatives met and decided to press for negotiations between the Ugandan Government and the rebels, an improvement in relations between Ugandan and Sudanese Governments, and the discouragement of Ugandan support for the Sudan People's Liberation Army (SPLA), a group of rebels fighting for the autonomy of southern Sudan.

Major Francis Acaka, responsible for relations between the army and civilians, says the ideas of the clergy are not wise: ‘When a person suffers for too long, he looks for the easiest solutions to the problem, which may not be logically correct.’ ■

Crespo Sebunya/Gemini News Service

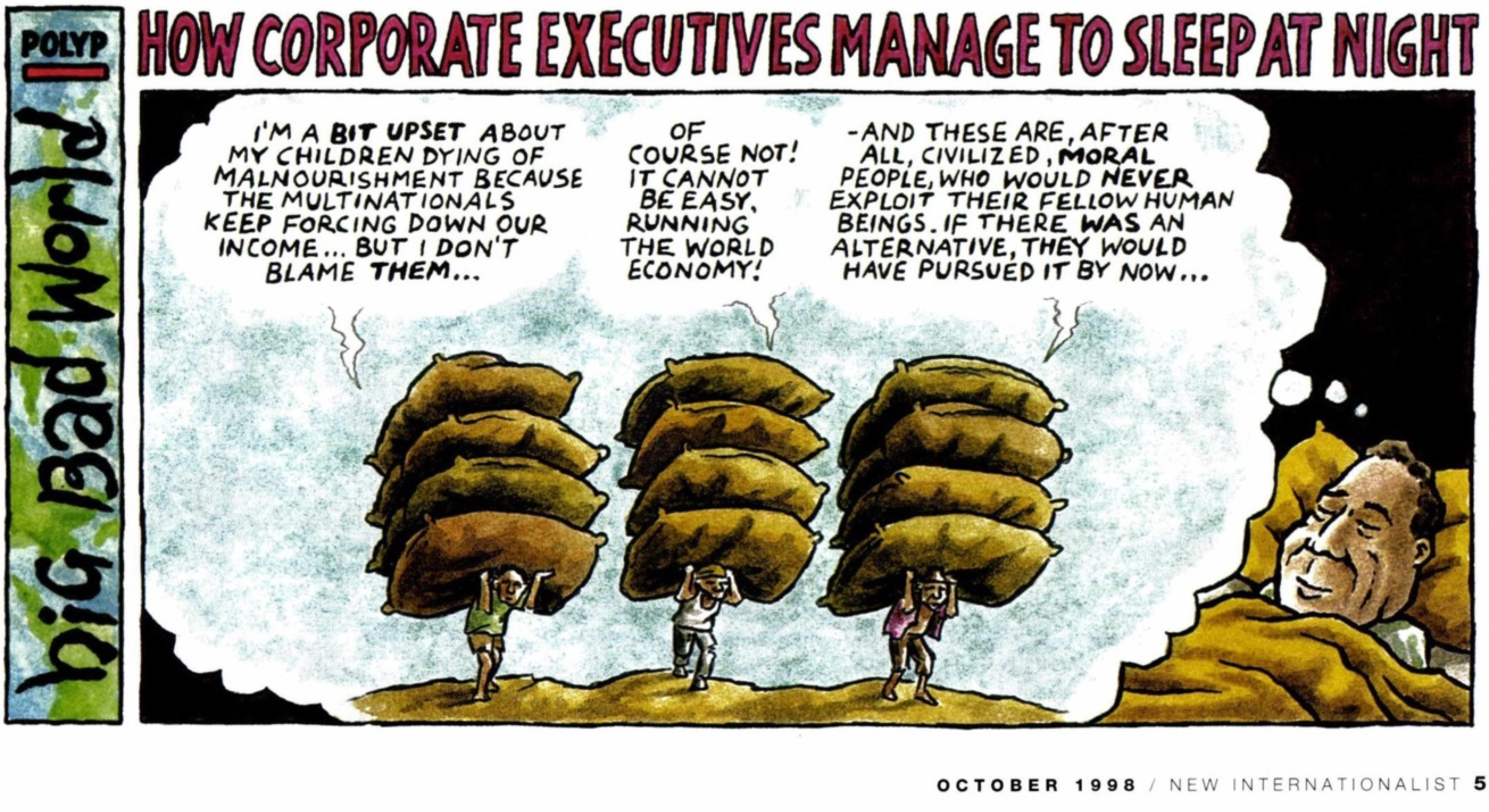


MARK EDWARDS / STILL PICTURES

Tree Love

Marriage ceremonies in the Indian Himalayas now have a new feature – tree-planting. A new custom involves the planting of a tree and sometimes payment of money to Maiti Sangathan, an organization of unmarried girls dedicated to reforestation. Newlywed Shuba says the plant will provide produce for her parents and keep the village green. The scheme also helps counter the effects of local logging. Biology teacher and initiator of Maiti Sangathan Klyan Singh Rawat describes himself as ‘a son of the hills’. He says the tree-planting custom is built on the Chipko movement whose female members hugged trees to protect then from commercial loggers in the 1970s. ‘I wanted to amalgamate environmental protection with sacred feelings and traditions.’

Mukul Sharma/Gemini News Service


POLYP
big Bad World
HOW CORPORATE EXECUTIVES MANAGE TO SLEEP AT NIGHT
I'M A BIT UPSET ABOUT MY CHILDREN DYING OF MALNOURISHMENT BECAUSE THE MULTINATIONALS KEEP FORCING DOWN OUR INCOME... BUT I DON'T BLAME THEM...
OF COURSE NOT! IT CANNOT BE EASY, RUNNING THE WORLD ECONOMY!
-AND THESE ARE, AFTER ALL, CIVILIZED, MORAL PEOPLE, WHO WOULD NEVER EXPLOIT THEIR FELLOW HUMAN BEINGS. IF THERE WAS AN ALTERNATIVE, THEY WOULD HAVE PURSUED IT BY NOW...

Update

INDONESIA

Shock treatment

Abuse of Chinese minority provokes fears for the future

INDONESIAN-CHINESE have been forced to ask the question: 'Do we have a future in Indonesia?' The answer is 'no' for the tens of thousands who have fled the country. Many more are considering flight or are making desperate preparations. A company selling stainless-steel and leather chastity belts has received hundreds of orders from people horrified by the experience or reports of gang rapes of Indonesian-Chinese women during rioting in May. Scattered incidents of the rape of young Indonesian-Chinese girls are still being reported in Bandung and Solo. One shopkeeper in the area said he recently attended a funeral of a 14-year-old relative who was gang-raped in front of her parents. The girl later committed suicide.

Remembering the riots – 300 people gather for prayer in Jakarta.

AUSTRALIAN ASSOCIATED PRESS

The Chinese minority – which comprises 3.5 per cent of the country's population and controls much of its wealth – has been the target of arson, looting and beatings in past years. But the scale of the May violence, including the rapes, has left the Chinese community in shock. Many of them say that now is the time to speak out. After decades of keeping a low profile, their emancipation is being discussed openly in public seminars, the press, political parties and mixed-race community groups.

Some indigenous Indonesian groups want to resuscitate the economy using affirmative action to help their livelihoods. They'd like the Indonesian-Chinese to teach them business know-how. Indonesian-Chinese hope this would allow their full participation in society and national life. Both groups say that a new partnership depends on the Government investigating the role of everyone – including high-ranking military officers – in the violence. Evidence that the rapes and brutality were carried out by organized gangs has increased suspicion that the Government was involved.

Shopkeeper Sigit Sugiharja says he has heard that the army did little to prevent riots in Jakarta. 'What do we pay taxes for?' he asks bitterly. He is worried about the safety of his two sons. Like most Indonesian-Chinese, he does not have the money or connections to emigrate.

If Indonesian-Chinese want a future in Indonesia they will have to wake up, urges Rachmat Santoso, a community leader. He says economic success 'lulled us fast asleep'. 'People felt satisfied. They forgot about defending their rights. Now, whether we like it or not, we're forced to wake up. If we keep quiet, like before, we'll be trampled completely.'

The Indonesian-Chinese have taken some steps towards securing their rights. On 15 July President Habibie issued a statement of 'deep regret' over the rapes and sexual assaults. The Government has abolished special identity cards for the Chinese, which previously made them easy targets for corrupt officials.

One Indonesian-Chinese financial adviser confessed: 'My greatest fear is not being able to live in my own country.' But change is possible, he says: 'I feel invigorated that we will probably be allowed to participate in all aspects of life in Indonesia.' ■

Margot Cohen/*Far Eastern Economic Review* Vol 161 No 31

Deadly threat

Tuberculosis (TB) is the biggest infectious killer of women in the world, claiming more lives than war, HIV and heart disease. The World Health Organization says the levels of infection are unprecedented. Over 900 million women and girls are infected with TB worldwide, and this year one million will die and 2.5 million will get sick from the disease. Most of these women are in the Majority World.

In wealthy countries the disease is most commonly found in elderly men, with 25 per cent of all cases occurring in the over-65 age group, compared with only 10 per cent in Africa, Asia and Latin America.

World Health Organization

Shifty polluters

Britain's first 'green tax' is under attack. The tax on waste buried in the ground, introduced in late 1996, was designed to penalize polluters, minimize waste and encourage recycling. But since then enough waste to fill 4,500 Olympic-size swimming pools has 'gone missing', according to landfill operators. They believe it has been spread on fields or buried beneath new golf courses and housing estates. More than half the local councils in Britain have reported an increase in illegal dumping since the introduction of the tax. The Quarry Products Association, which digs landfill holes, says that up to 23 million tonnes have been dumped at unlicensed sites.

RAY PFORTNER / STILL PICTURES

Tax-free – trash buried under golf courses.

New Scientist Vol 158 No 2136

Anniversary scorned

The US annexed Hawaii a hundred years ago. This year Hawaiians have hit the streets demanding the right to self-rule. US President Clinton has signed a bill apologizing for the overthrow of the Kingdom of Hawaii. But words are not enough – activists say they are the sole Native Americans without the tribal rights accorded to the 500 Indian nations and Alaskans. Many Hawaiians want the same self-determination and rights as these other indigenous peoples. But some, such as the Nation of Hawaii, want more than that – their chant is: 'Not a state in 98.'

Ed Rampell/*Gemini*

Quote

'I'll be in Jamaica on the 29th. I'm giving advance notice to all those organisations of assassins.'

Cuban President **Fidel Castro** giving directions to the CIA.

Money, markets and madness

Is the world's money system pushing us to the brink?

Vanessa Baird begins a journey into its vortex.

BEEP! go the electronic doors and jolt me out of my daydreams. The underground train has halted at a stop named 'Bank'. It's time to leave the bowels of the metropolis and climb up into the throbbing financial heart of the City of London. Towering over it, at its centre, and looking strangely congruent, is the dome of St Paul's Cathedral.

'There's nothing in money but faith,' is the phrase that keeps whirring round my brain. The coins in my pocket, the notes and cards in my wallet, only have power and meaning because I and others believe in them. If we lost faith in them they would be worthless pieces of paper, metal and plastic.

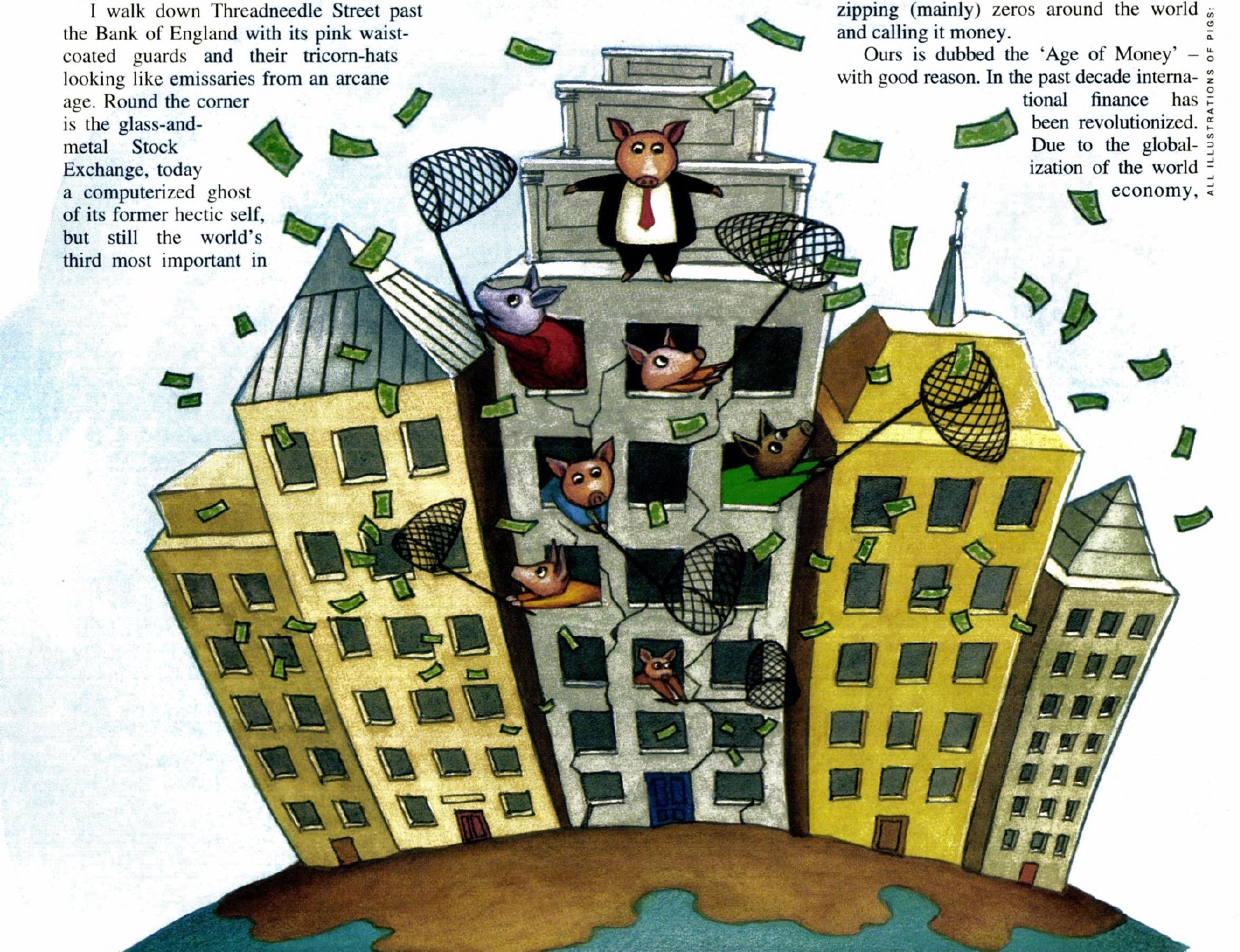
I walk down Threadneedle Street past the Bank of England with its pink waistcoated guards and their tricorn-hats looking like emissaries from an arcane age. Round the corner is the glass-and-metal Stock Exchange, today a computerized ghost of its former hectic self, but still the world's third most important in terms of the amount of business it handles.

A few streets further away, built on Cannonbridge overlooking the River Thames, is the London International Financial Futures and Options Exchange (LIFFE), opened in 1982. This is where the real action happens in the world of money today. The trading here is not in what is, but what might be in the future – future prices, exchange rates and the like. In the pit at the LIFFE the open-outcry traders, wearing brightly-coloured blazers indicating which firm they belong to, shout and gesticulate in a frenzy of buying and selling.

These are the rambunctious altar boys of globalized capitalism. Overwhelmingly young and male, they can earn $250,000 a year – and that's before bonuses. 'They don't know anything about markets,' say the snootier high priests, older finance people with degrees and the like. 'They just have fast reactions and the right competitive instinct.' To be really good they need, in the vernacular of the pit, to be able to 'take shit' and possess 'balls of steel'.

However, these traders may soon be a thing of the past. The LIFFE is rapidly losing business to its computerized German equivalent, the Eurex, and will have to go electronic if it is to survive. The pit, the bustle, the traders' gestures will be replaced by quietly humming computers zipping (mainly) zeros around the world and calling it money.

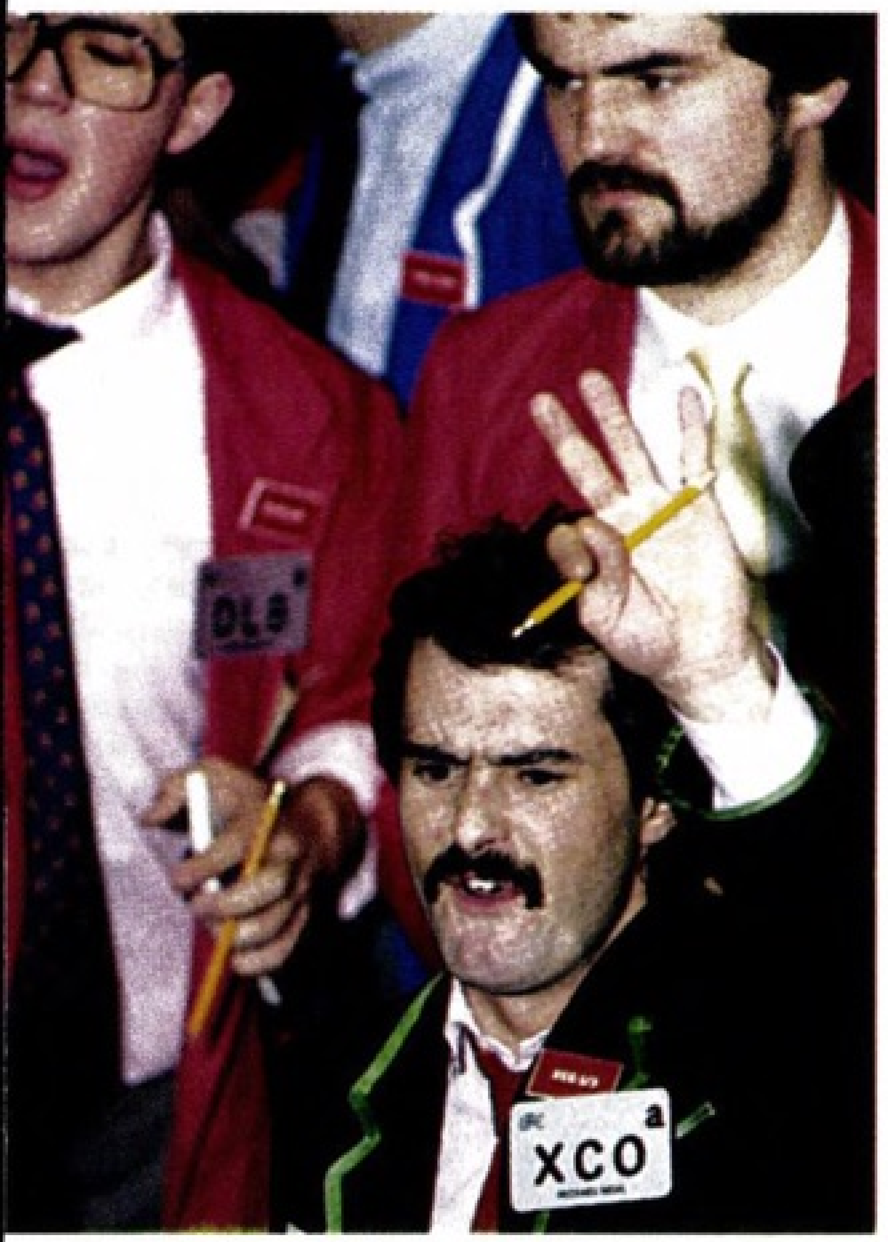
Ours is dubbed the 'Age of Money' – with good reason. In the past decade international finance has been revolutionized. Due to the globalization of the world economy,



ALL ILLUSTRATIONS OF PIGS: MICHAEL TERRY

unregulated capital is careering footloose around the globe. Formerly closed economies, be they in Vietnam, Malaysia or Brazil, have cast off controls and embraced foreign funds.

New technologies and financial innovations have made it easy to move money instantaneously. Fortunes can be made with the push of a button, by people divining meanings from red and blue letters and figures on a computer screen. Every day, money to the value of a trillion dollars – that's a thousand billion or one followed by 12 zeros – is moved around the world in the shape of such blips on computer screens. And speculation on those blips can cause the downfall of an economy, thrusting its people into poverty, with knock-on effects around the world. Arch-speculator George Soros himself has warned: 'The collapse of the global marketplace would be a traumatic event with unimaginable consequences, yet I find it easier to imagine than the continuation of the present regime.'



Futures trading now accounts for 95 per cent of global currency movements.

MATTHEW FORD / FRANK SPOONER PICTURES

Money is becoming increasingly imagined, detached from reality for these traders. For example, in 1994 crude-oil futures and options on the New York Mercantile Exchange traded four times the amount of crude actually produced in the world.

All of which makes me think: What exactly *is* money?

The textbook definition goes thus: 'A medium of exchange and store of value.' It then lists different kinds of money, ranging from the narrowest definition as notes and coins in circulation, to the broadest, which includes treasury bills, savings certificates, bank deposits and assorted other funds.

None of this, however, begins to address what money means to us as human beings: the extraordinarily dominant role it plays in our societies, in our psyches, and in determining our very survival.

'An extreme and specialized type of ritual' is how anthropologist Mary Douglas sees it. 'Human happiness in the abstract,' opined philosopher Arnold Schopenhauer. Economist Adam Smith saw money more prosaically as 'labour', while Georg Simmel, money's great philosopher, saw it as 'liberty'. In a non-money society you would have to pay your way in wheat or honey or sex. In a money society you could, at least in theory, choose your economic activity.

But money also arouses profound feelings of disgust. Novelist Leo Tolstoy called it 'a new and terrible form of slavery'. Saint Paul famously identified the love of money as 'the root of all evil'. And even economist John Maynard Keynes found the accumulation of money for its own sake to be morbid, even pathological. Sigmund Freud, true to form, pointed out how a small child who wanted to retain his or her precious faeces might in later life want to hold on to money.

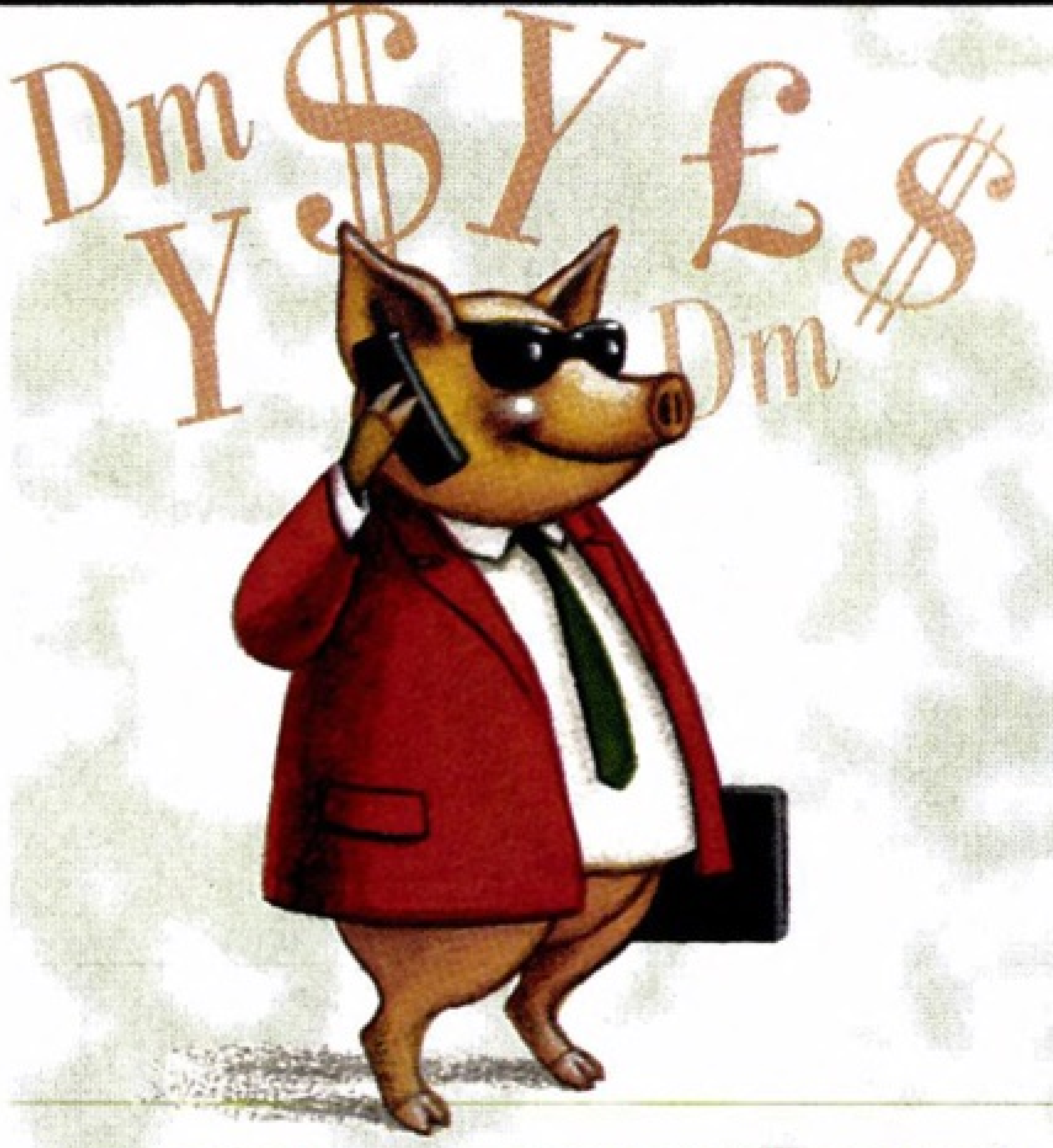
Karl Marx was, predictably, complex in his views. Money for him has the capacity to be 'a radical leveller', but it is also a dominating 'alien entity' to which humans subject themselves and their activities. The money system makes us needy. And because the quantity of money is its only important attribute, it is also horribly reductive.

When all is said and done, money remains a slippery concept, hellishly awkward to pin down with definitions. That hasn't stopped people devising whole doctrines around their own idea of it. Monetarists for example believe that money, rather than labour or goods, is the lifeblood of the economy. The best way to take charge of the economy, they say, is to control the money supply. This was all the rage in the 1980s among the Right-wing Libertarian followers of Chicago economist Milton Friedman, including Margaret Thatcher. It went hand-in-hand with another libertarian doctrine, the 'efficient markets' theory. Markets had their own logic. Just let them be and they would sort themselves out.

In the wake of the East Asian crisis there's not much of that sort of talk today. If any theory is likened to markets it tends to be 'chaos theory'.

But still we cast around for some old solidity, for a *terra firma* of 'real economics' with a reliable money system running like a river through it. When the state of the Russian economy recently sparked off speculation that the rouble would be devalued, the then Prime Minister Sergei Kirienko responded by saying that this belonged to 'the sphere of psychology and not real economics'. Two days later, the rouble plunged. Sounds like Psychology 1 – Real Economics 0, to me.

So is the world's money system – this unstable beast of our own creation – really dragging us to the brink? What *is* going on? And what, if anything, can we do about it? Maybe this is the moment to turn the metaphorical piggy bank upside down and try and find out what's inside. The articles that follow, ranging from Dorothy Rowe's psychological explorations to James Robertson's inspired ideas for the future, aim to do precisely that. ■



Globalization

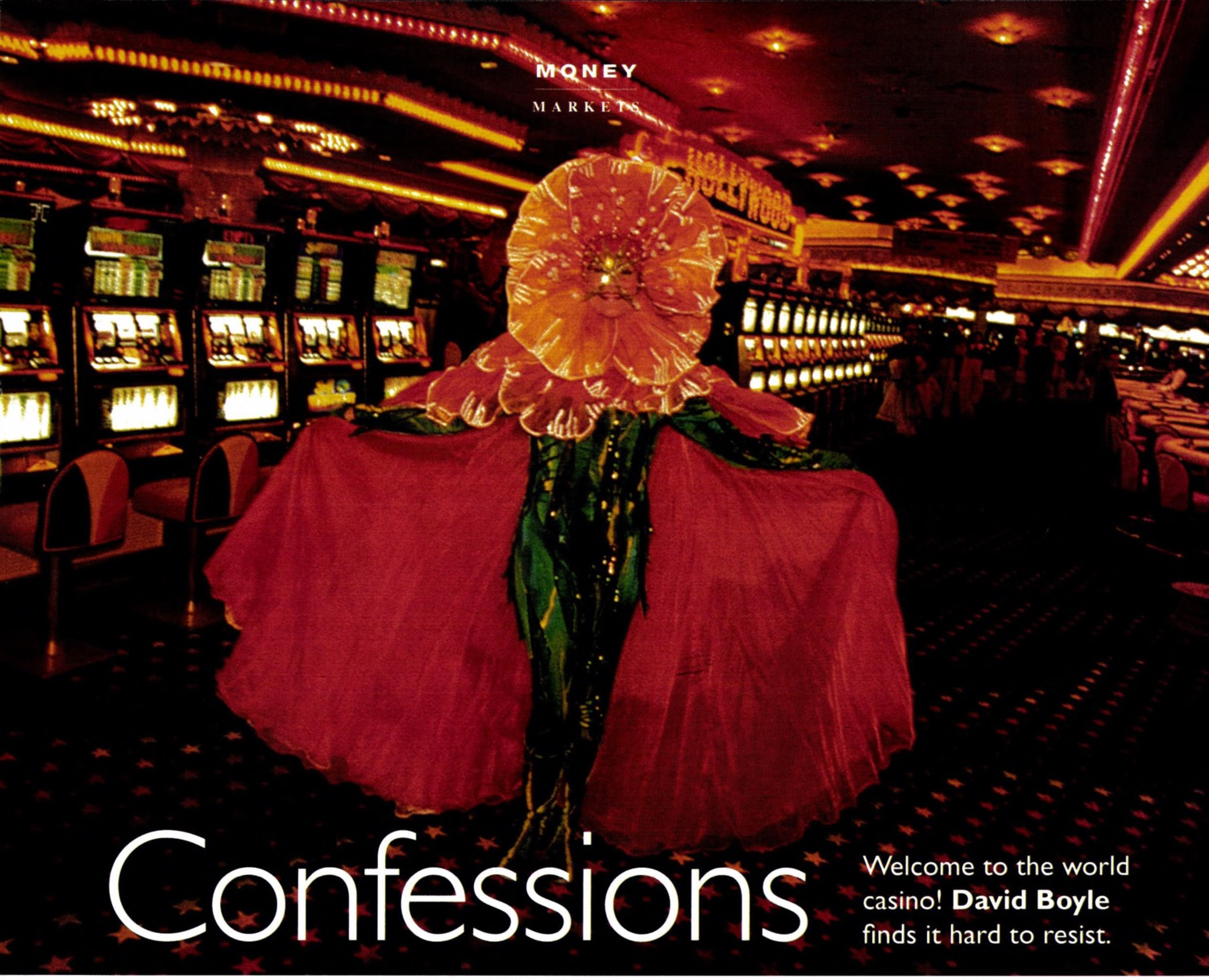
...this little pig went to the market.

Derivatives... Options... Futures.... Hedge funds... Junk bonds... Swaps... Money markets... Units... Equities... What a fog of words! The jargon for the 'financial services industry' is prodigious, and I can't help but feel that its primary aim is to befuddle.

I've never been a great fan of the finance pages. Those tables of stocks and shares could have been in Chinese for all I cared. And as for the stock market indices – the FTSE, the Dow Jones, the Nikkei – their daily ups and downs were familiar background listening, like the shipping forecast. But I can't admit to having nursed an ardent interest.

When I read, however, that the huge swathes of money swirling around the world at breakneck pace are not real, that it is all to do with expectations of what the price of something might be at some future date, I begin to wonder what it all means. If it isn't real, how come lack of it can do so much damage? When I hear rumours that George Soros might bring down such and such an economy by unleashing his $11 billion hedge fund to speculate on its currency, I begin to think I ought at least to know that this hedge is more than a garden accessory.

And when I learn that the antics of traders in London or New York affect the very livelihood of peasant farmers in Thailand or factory workers in Brazil, I start wondering what, if any, is my own involvement in this seemingly extravagant and frivolous, but actually deadly serious game?



HARTMUT SCHWARZBACH / STILL PICTURES

Confessions of a global gambler

Welcome to the world casino! **David Boyle** finds it hard to resist.

CROSS the American desert to Colorado, climb along the snaking road up to 8,000 feet above sea level, and you can get a glimpse of the effect unrestricted gambling can have on a community.

The small community of Black Hawk was a quiet inoffensive place with a population of 350, until the state legalized gambling. It changed overnight. When I went there a year or so later, the place was crawling with people. A man in a fluorescent jacket and dark glasses was directing traffic at the tiny cross-roads in the centre and every building from the Silver Hawk Saloon to the end of the town seemed to have been devoted to gambling – Doc Holliday's Casino, Bonanza Casino, Crook's Palace, Bronco Billy's.

There was something horrifying about it, especially as Black Hawk merged into the next town, Central City – 'The Richest Square Mile on Earth', according to a large poster – with earthworks and new buildings and shacks flying up wherever we looked, some of them apparently unattached to the ground. It was a tribute to the astonishing power of money. The gold-rush towns of over a century ago must have looked similar.

Most casinos in the US now sell their own credit cards and provide cash dispensers which give you money while they rake off a 20-per-cent commission. A slightly lower commission, but a hidden one, exists for the slot machines. The result, said Simon Hoggart in his book *America: A User's Guide*, is that '$100 in quarters will allow you to pull the handle 2,660 times before it's all gone'.

'Old ladies feverishly shovel the cash in, and at first you think they must have lost their minds,' wrote Hoggart. 'But the maths shows that they have to work fast, in order to lose all their money before the bus goes back to New York, Washington or Philadelphia.'

Money can make you shiver sometimes. Especially when you know that if you thought there was a reasonable chance of winning in Doc Holliday's Casino, you would have allowed the man in dark glasses to direct your car and gone right inside.

The truth is, I have to admit, I'm addicted to gambling too. My pension contributions, my building society account, my mortgage are all modest to say the least, but they link me into the explosive global financial system upon which we increasingly rely.

Through all my debts and investments, not to mention my purchases, I am taking part in the biggest casino the world has ever known. There are winners and losers, the markets shoot up and – especially if you happen to be in the Far East – they

ROTOLO/LIASON / FRANK SPOONER PICTURES

The overt face of gambling. The hidden face is pensions, insurance and mortgage policies.

shoot down. But there are also mega-winners. Like bookies or croupiers, the Masters of the Universe in Wall Street and the City of London win whichever way the markets go, just as long as they move. Which is one reason why the 190 partners of the Wall Street investment bank Goldman Sachs look set to make $100 million each if they go public this year.

This global casino is a shadowy world, where rumour and mood can shift billions of dollars in minutes. The daily flows in the currency exchanges are now running at an estimated $1,300 billion, and the World Bank reckons that 95 per cent of this movement is speculative, which means that only 5 per cent is actually related to the real trade which keeps our economies moving along.

> *'It is amazing that this monster "interest" has not devoured the whole of humanity,' said Napoleon Bonaparte, awed by a power greater than his own*

The new phenomenon of derivatives – the trade in futures and options which allow corporations to hedge their bets – takes the risks and rewards of the global casino to an even greater extreme. Derivatives trading is so huge now that only a two-per-cent loss in trade would be greater than all the world's reserves of money.

'There's blood in the water,' Morgan Stanley's president John Mack urged managing directors in his bid to sell derivatives. 'Let's go kill someone!' The problem is that the Masters of the Universe are supposed to keep world economics stable, while their vested interests nudge them in the opposite direction. Stability is not profitable: mild instability is, because it is the fluctuations which make profits. But instability is very unpredictable for the rest of us, especially if our home happens to be Russia or Southeast Asia and our life happens to depend on the currencies of these regions.

If we are dependent on export earnings to pay off a hefty debt, as the populations are in many developing countries, a slight shift can blow away our carefully constructed niche in the world market.

We are all dependent on the global casino, directly if we happen to be shareholders. Encouraged by governments which are less and less able to afford the burden of pensions for rapidly-ageing populations, Europeans are joining their American cousins in their fascination for the stock markets.

The net assets of Italian mutual funds shot up from $123 to $206 billion just last year alone. Investments in Spanish equity funds tripled. Stock markets soared last year by 99 per cent in Italy, 85 per cent in Spain, 48 per cent in Germany and 43 per cent in France. In recent months the bull market in the US roared ahead, the Dow Jones edging towards an historic 10,000 points – a fearsome total given that the index is now just over a century old and took 70 years to reach its first thousand.

The trouble is that, once on the bandwagon, it is very hard to get off. Disappointments are dangerous and can lead to market collapse, yet the system has to sustain repeated record growth for it to keep going. Worse, continual growth depends on us all over-consuming – and demands that over-consumption should spread to developing countries as soon as possible.

The Wall Street Journal has already warned against the damage done by downshifters. 'Our enormously productive economy,' wrote the post-war retail analyst Victor Lebow, 'demands that we make consumption our way of life, that we convert the buying and the use of goods into rituals, that we seek our spiritual satisfaction, our ego satisfaction, in consumption... We need things consumed, burned up, worn out, replaced and discarded at an ever increasing rate.'

We may not want to. We may realize that the things which get worn out and burned up are actually ourselves. We may rebel at having to carry on the ultimately self-defeating dance to keep the economy moving a little bit longer. But it is difficult

Down and out in Tokyo. Even seemingly strong economies are vulnerable to the vagaries of casino capitalism.

ANDREW TESTA / STILL PICTURES

to opt out when we all depend, apparently, on its froth.

Carolyn Wesson in her book *Women Who Shop Too Much* claimed that 59 per cent of Americans were addicted to shopping. Another survey showed that only a quarter of people shopping in malls had gone there with any specific product in mind. The global casino depends on them staying hooked.

Of course, it is easy to be puritanical about this dilemma, but we global gamblers are actually caught on the horns of a number of serious dilemmas like this. Here are some more:

◆ Derivatives were developed as a way of spreading risk but have turned out to be one of the riskiest transactions – witness the collapse of Barings Bank and the terrifying Japanese experience, where debts of over a billion US dollars are looming large.

◆ Debt is a useful way of allowing us to develop the projects we need but can have catastrophic effects – which is why the average American now retires having earned enormous sums by the world's standards, but having amassed an average of only $5,000 from all that tumultuous cash flow. It is, paradoxically, immensely profitable: the junk-bond revolution plunged American business into debt, and led to the recent phenomenon of downsizing, but junk bonds earned up to $1.5 million a day for their greatest enthusiast, Michael Milken.

◆ The invention of compound interest has made old age pensions possible. Yet the expectations of interest mean that money demands greater and greater returns, and increasing sums of spare capital hurtle around the world, building dams, demolishing forests and destroying lives.

Money talk

The language of the market is buzzing with special terms – often with quite similar meanings.

Hedging: If a business holds stocks of a commodity, it runs the risk of making losses if the price falls. This loss can be avoided by **hedging**, which involves selling a good forward, for delivery at an agreed price at a future date, or by selling in the futures market.

Derivatives: These are tradable securities whose value is derived from the actual or expected price of some asset – a commodity, security or currency. They can be used as a hedge, to reduce risks, or for speculation. Futures contracts, futures on stock market indices, options and swaps are all **derivatives**.

Futures, options and swaps: A **futures** contract is an agreement to buy or sell a good, share, or currency at a future date, at a price decided when the contract is entered into. An **option** is like a futures contract except that in this case there is a right, but no obligation, to trade at an agreed price at a future date. An interest-rate **swap** is a transaction by which financial institutions change the form of their assets or debts. Swaps can be between fixed and floating rate debt, or between debt in different currencies.

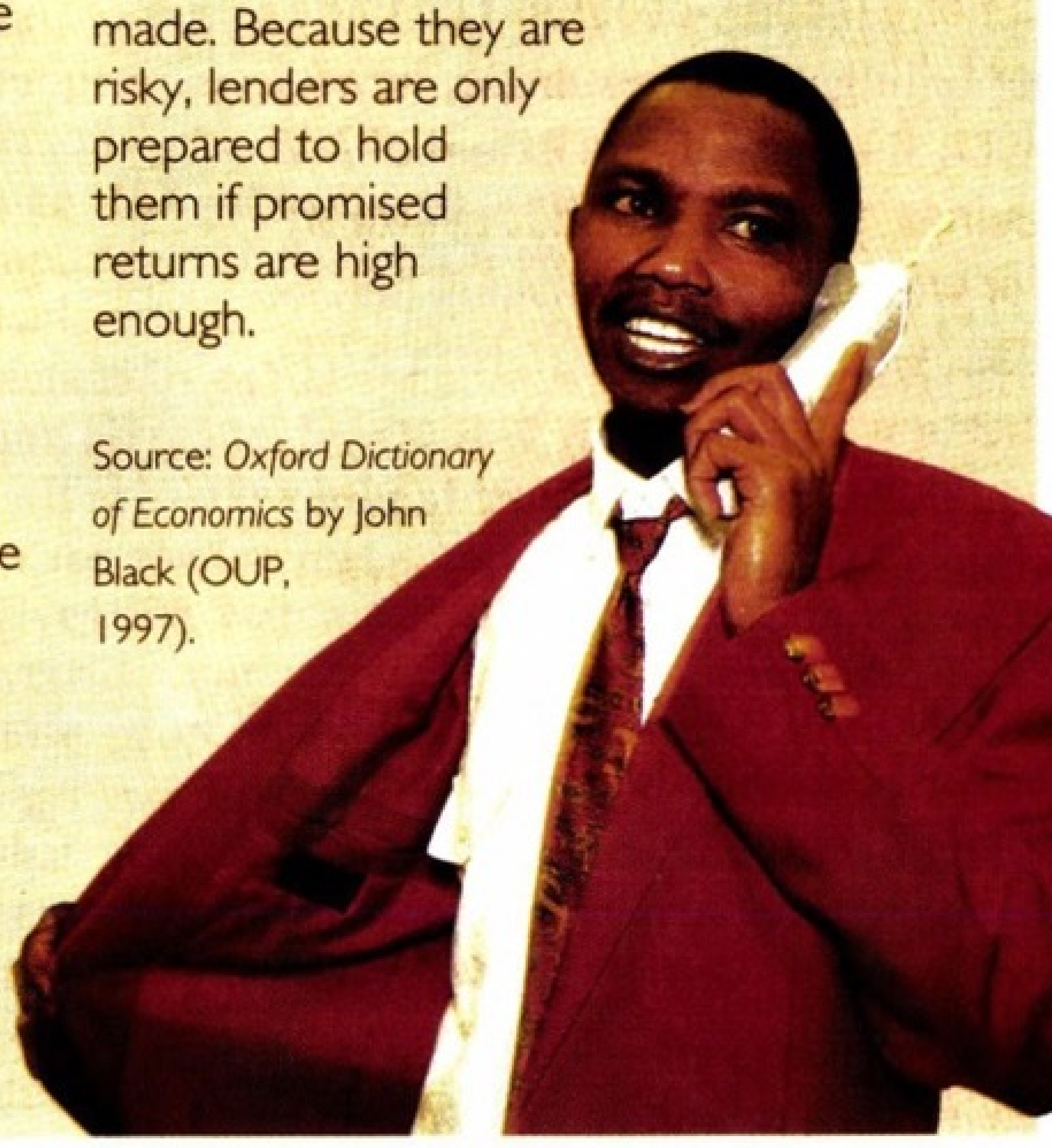
Stock market indices: The most famous are the **Dow Jones Industrial Average**, an index of share prices on the US stock market based on 30 leading US companies, the **FTSE 100**, an index of Britain's 100 top companies, and the Japanese equivalent, the **NIKKEI 225**.

Foreign exchange market: This is where currencies are traded. There is no one location for this market, however, as it operates via computer and telephone connections. The total turnover of world foreign exchange markets is enormous – many times the total international trade in goods and services.

Mutual fund: A financial institution which holds shares on behalf of investors. The investors buy shares or 'units' in the fund, which uses their money to buy shares in a range of companies. An investor selling back the units gets the proceeds of selling a fraction of the fund's total portfolio rather than just shares in one or two companies.

Equities: The ordinary shares or common stock of companies. The owners of these shares are entitled to the residual profits of companies after all claims of creditors, debenture holders and preference shareholders have been satisfied. The value of their expected yield fluctuates more than other shares.

Junk bonds: Bonds issued on a very doubtful security, by firms where there is serious doubt as to whether interest and redemption payments will actually be made. Because they are risky, lenders are only prepared to hold them if promised returns are high enough.



Source: *Oxford Dictionary of Economics* by John Black (OUP, 1997).

HARTMUT SCHWARZBACH / STILL PICTURES

The problem is that money was never meant to sustain these kinds of returns. When the ancient Egyptians stored their surplus grain, they received marker sticks to record their deposits, which they then used as money.

Grain, like all natural things, tends to decay or be eaten by rats, which meant that this money also lost value as time went on. Our modern interest-bearing money works the other way around: the casino we are all chained to depends on producing returns simply from possessing and investing money.

It turns the parable of the talents on its head: if you leave it lying in a bank account, it works for you. 'It is amazing that this monster, interest, has not devoured the whole of humanity,' said Napoleon Bonaparte, awed by a power greater than his own.

Still, we have to be realistic and see things as they really are: that is probably the advice that Gamblers Anonymous would give us. The money system may collapse disastrously, but will almost certainly continue in one form or another.

So what, in these circumstances, can I do about my addiction? I have four suggestions for myself:

◆ Use new kinds of money, which could be anything from LETS currencies or old-fashioned barter to the simple exchange of favours with neighbours. These exchanges are more human, they build what economists call 'social capital' and are not dependent on the global casino.

◆ Shop small: where possible, avoid the big chains and the big names, and use your money to support small, local businesses.

◆ Invest ethically where possible. Over $2.56 billion in investments is already screened ethically in Britain alone, and the evidence is that ethical investors are beginning to have clout. BP's stock price rose when it dropped out of the Global Climate Coalition – the group of oil companies trying to undermine agreement at the Kyoto conference.

◆ Downshift anyway. We don't have to go all the way, but every decision we take which puts our broader health, wealth and happiness above immediate financial returns weakens our dependence on the casino, and weakens its power over the world.

The more of us taking these simple steps, the more we can unravel our addiction to gambling. If we don't, the horrible transformation of Black Hawk, Colorado, could happen to us all.

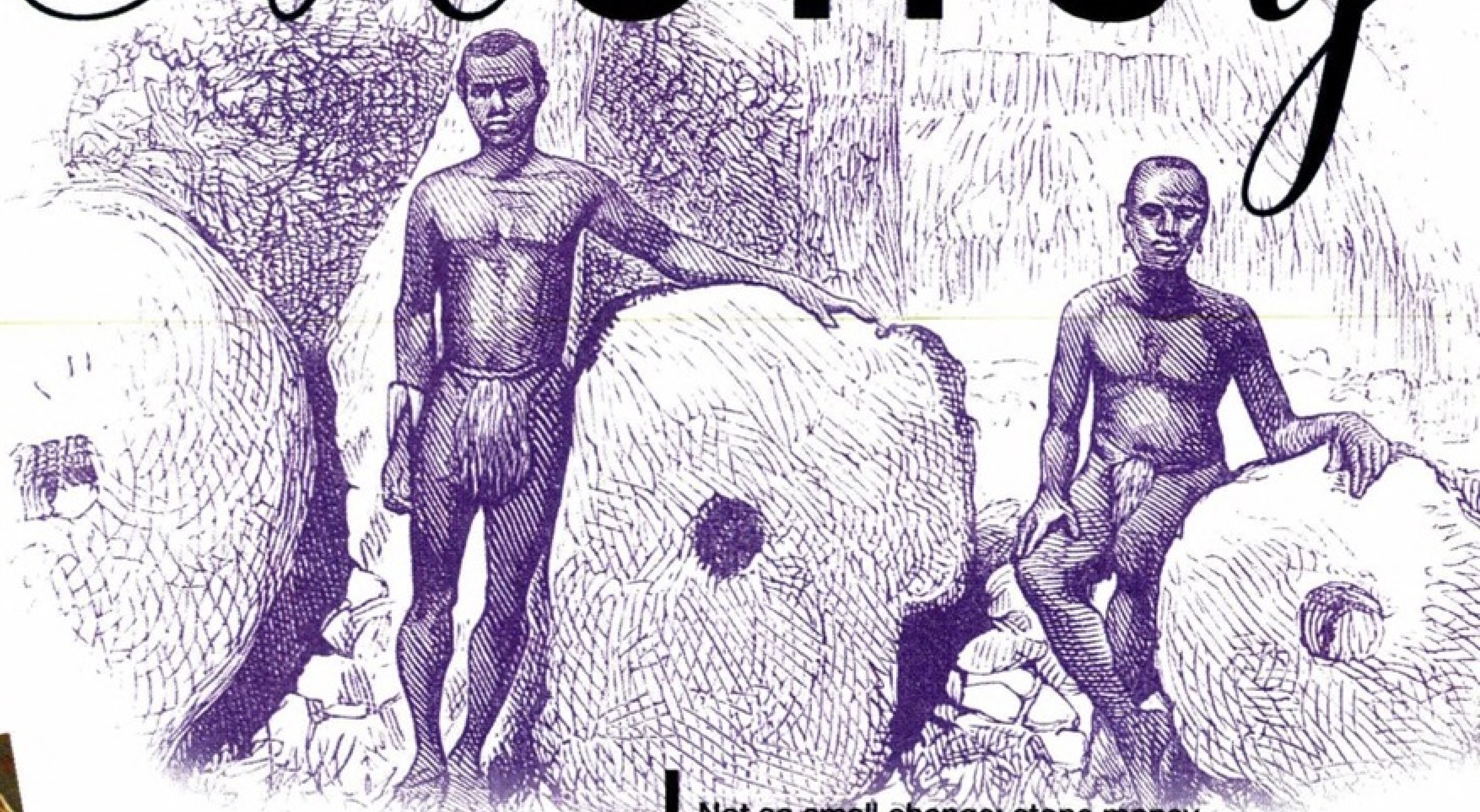
In fact, it is probably happening already: somewhere in my heart, there is already a man in dark glasses parking my car. ■

David Boyle is author of the forthcoming *Funny Money: In Search of Alternative Cash* to be published by HarperCollins in January 1999. He is also editor of *New Economics* magazine.

The Story of Money

1 A cunning invention

Money is ingenious. Less cumbersome than barter, basically it is any medium of exchange a group of people agree to call money. The earliest known record of its use is around 2400 BC in Mesopotamia and Egypt. There are records of money in China and in the Aegean in the 7th century BC, and in 4th century BC India. It has usually emerged when a community has wanted to expand trade with others. But it has also proved useful for paying fines, taxes and levies – and, of course, rewarding labour.



Not so small change: stone money in the South Pacific.

The Prophet Mohammed warned against usury and greed.

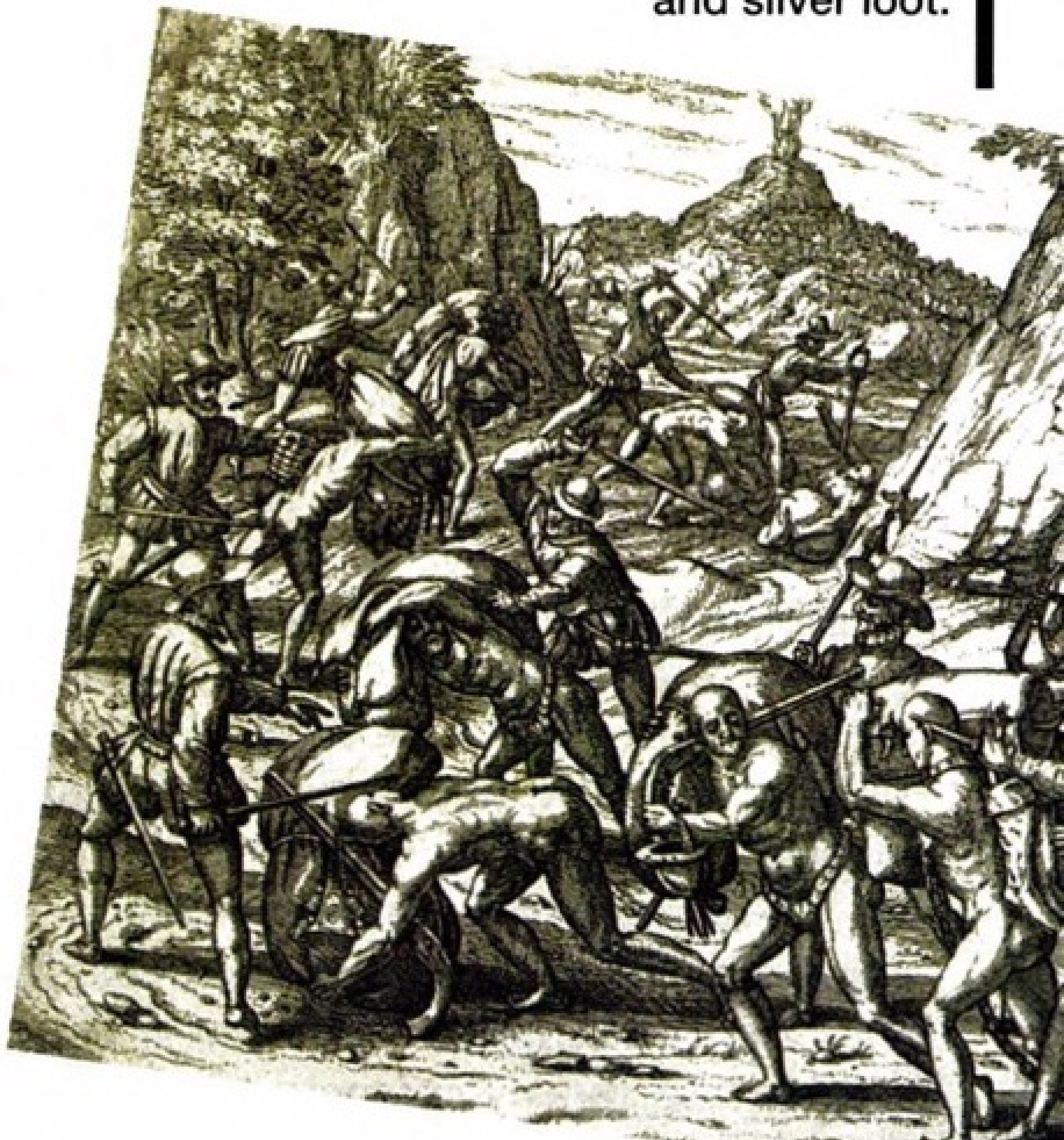
2 A head for money

All sorts of things are used as money. Perhaps the most varied repertoire has been found in Micronesia and Melanesia, where feathers, cloth, teeth and stone, as well as the common cowry shell, feature. Sumatrans of the 15th century used human skulls, while Mexicans of that period favoured cocoa beans. Shells were widely used in India, North America and Africa, while up until the 19th century the Lele people of central Africa favoured cloth. The first people to start making coins from precious metals appear to have been the 7th century BC Lydians, who lived on the Asian coast of the Aegean. Gold, silver, copper and brass became the commonest currency, used by the Chinese, Greeks, Romans, Arabs and Indians. But paper money was already being used in China as early as the Song Dynasty of 960-1279.

3 Immoral income

Ethical qualms have probably always surrounded money. Aristotle despised and distrusted it. Both Jesus of Nazareth and the Prophet Mohammed were acutely aware of the social and moral damage that love of money and the hunger for accumulating it could do. Earning interest by lending money was prohibited in both religions, with some effect until the late Middle Ages. But such qualms ultimately gave way to pecuniary interest and international trade and banking flourished.

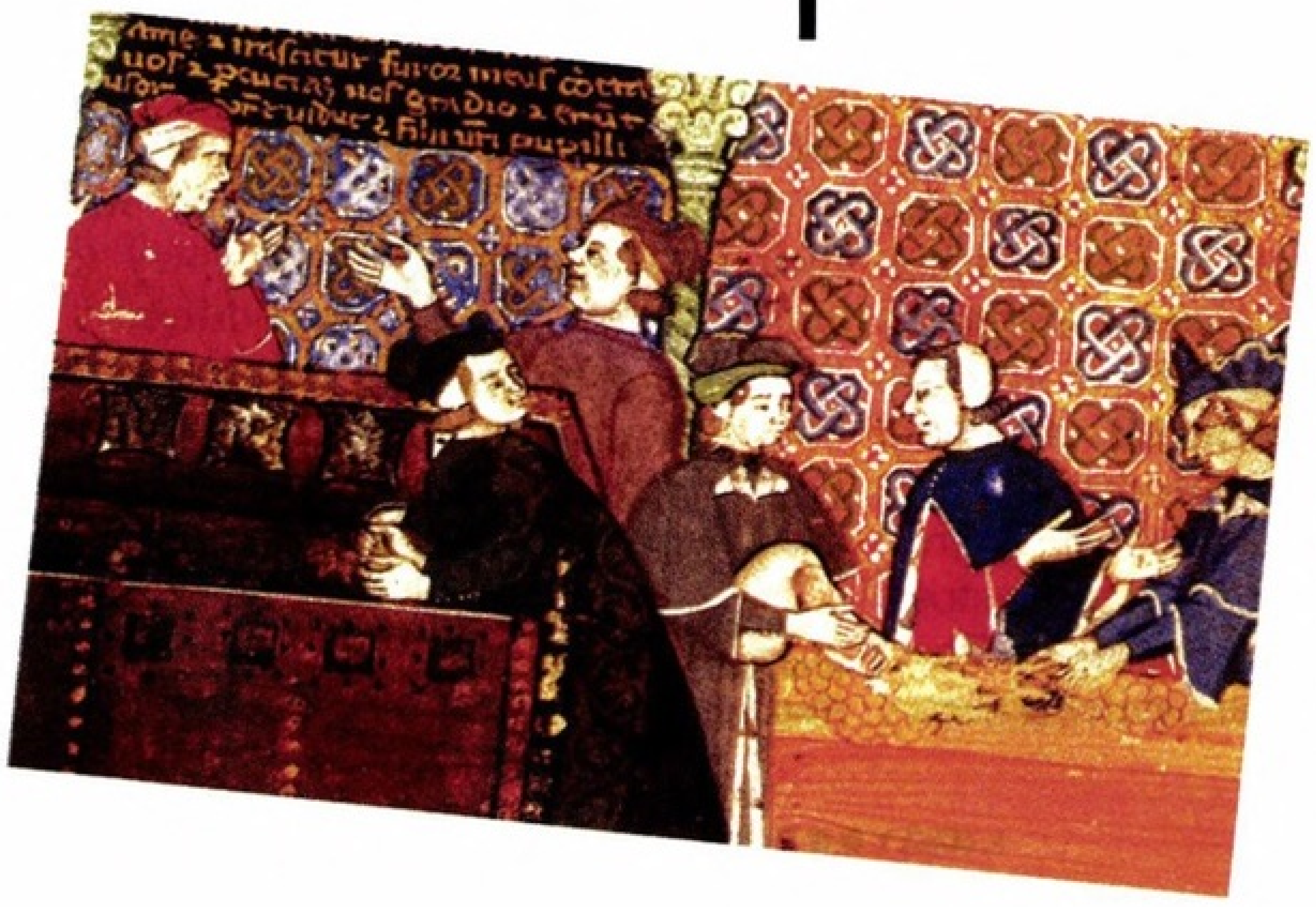
The Spanish compelled Incas to carry gold and silver loot.



4 Spawning capitalism

The Spanish conquistadors could hardly believe the abundance of gold and silver they saw when they first arrived in the Americas in the late 15th century. First they got their hands on it by looting and kidnapping: King Atahualpa of the Incas was held to ransom by Francisco Pizarro in exchange for a room-full of gold. Then they moved on to exploiting the continent's gold and silver deposits, mined by mainly indigenous slave labour under appalling conditions. The massive inflow of precious metals sent Europe into an inflationary spiral, with wages lagging behind prices. Entrepreneurs could make easy money, the poor became poorer, and capitalism was born.

Banking burgeoned in Renaissance Europe.



5 John Law: banker, gambler, murderer

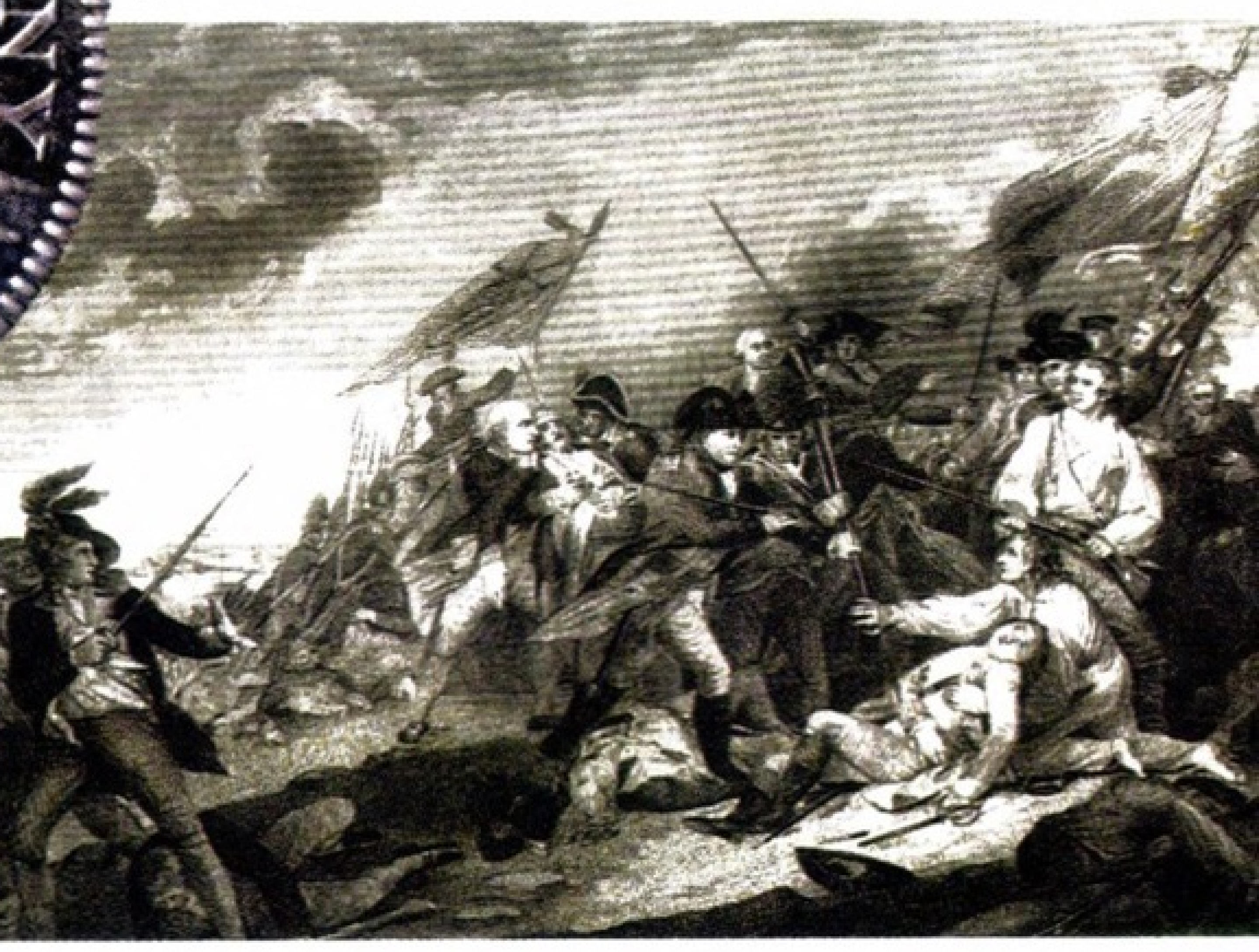
Banking flourished during the European Renaissance in port cities such as Antwerp, Amsterdam, Venice and Genoa. Modern banking, however, began with a Scots gambler named John Law, fleeing a murder charge in England to try his luck in France. He got the go-ahead from the French Regent, Philip Duc d'Orleans, to issue bank-notes in the form of loans against the security of the land of the country. The notes soon gained more credibility than hard coin, fortunes were made overnight and the word 'millionaire' entered the vocabulary. But too many were issued and Law fled France in 1720 leaving broken fortunes, falling prices, depressed business and an enduring suspicion of banking.

6 Making a mint in the colonies

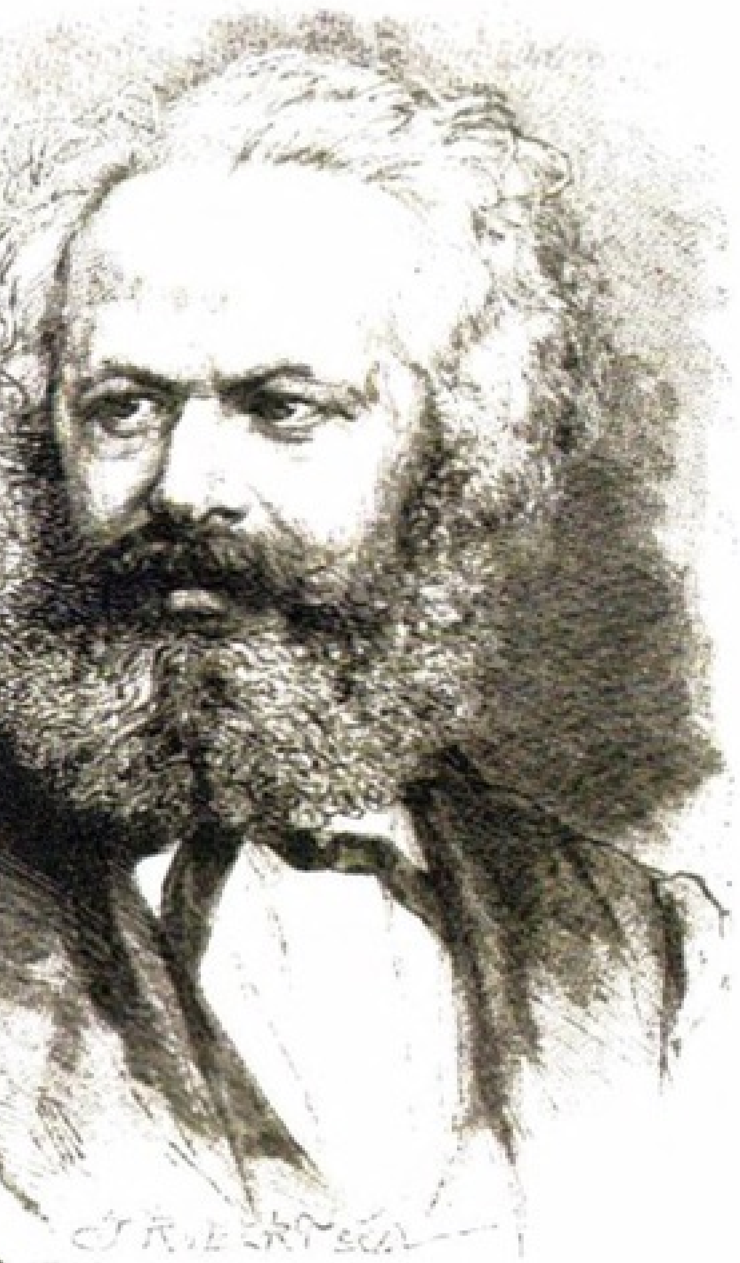
Trade and colonialism had a profound effect on indigenous money systems in Africa, Asia and the Americas. With Portuguese, Dutch, French and British traders and settlers came Western-style money. Local precious metals were exploited and mints established. Sometimes indigenous currencies were manipulated too, as when European traders imported vast quantities of cowrie shells into West Africa from the Indian Ocean to trade for slaves. In 1835 the East India Company started minting the existing silver rupee and turned it into the standard coinage of India, while in China the First Opium War (1840-42) opened the way for foreign commercial banks issuing their own notes.

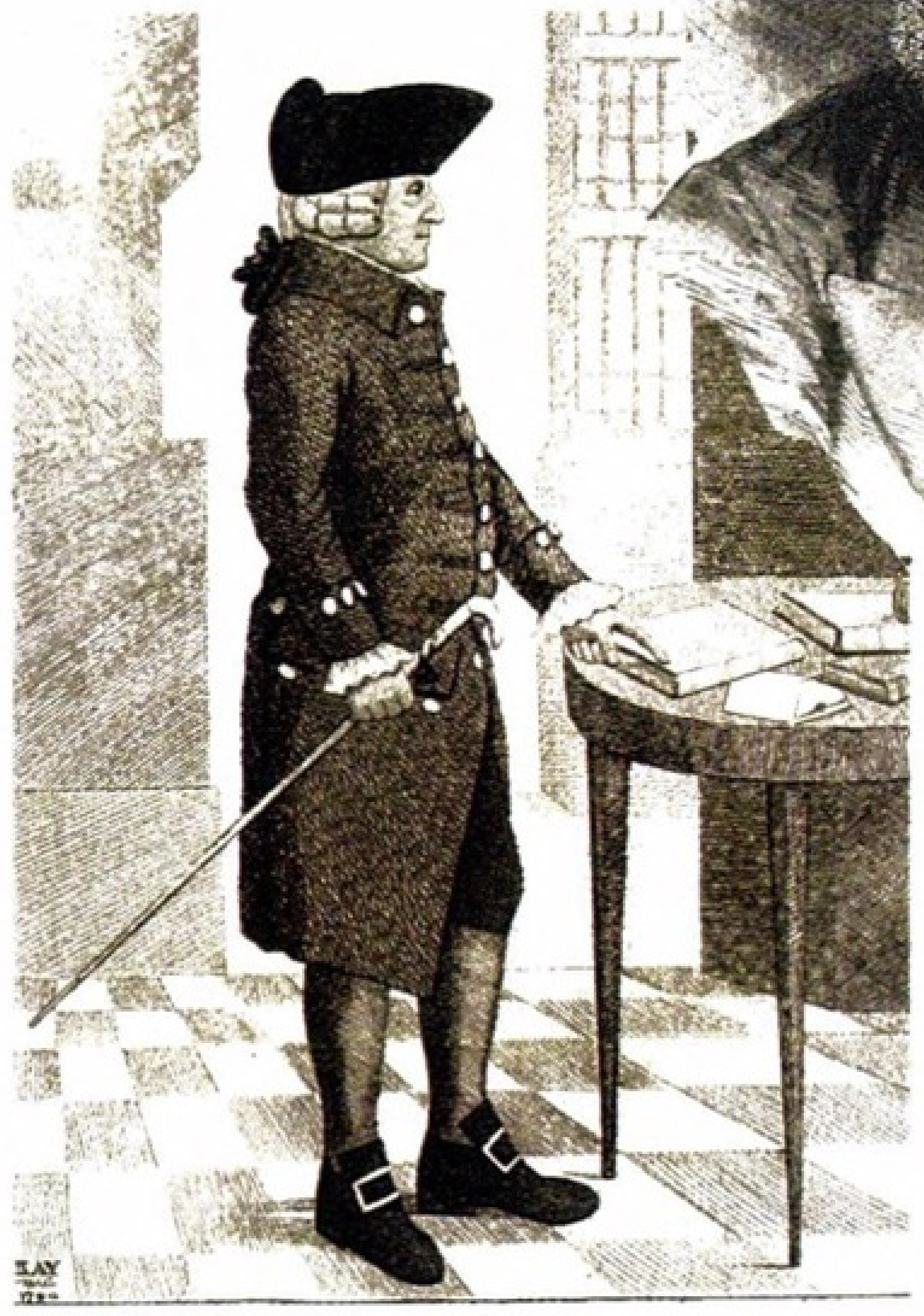
SIERRA LEONE COMPANY
AFRICA

American independence fighters printed paper money to finance their war.



New thinking: Karl Marx (right) and Adam Smith (below).



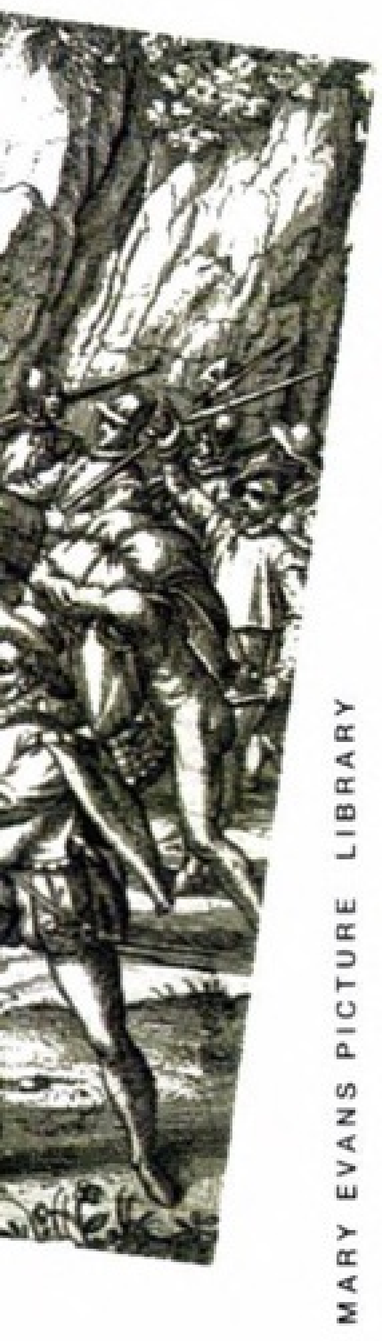


7 Revolutionary excesses

Revolutionaries are always short of funds and have often resorted to printing their own money. The American Revolution against British rule was financed by vast issues of 'continental' bills – to the tune of $240 million between 1775 and 1779. The Revolutionary Government in France did the same thing in 1789, and went on to finance the Revolutionary Wars with paper money. But lack of financial control led to overproduction and the notes plummeted to about 0.3% of their face value.

8 Smith, Marx and 'callous' cash

New ideas about money, society and the relationship between them, were sparked off by the Industrial Revolution. The two most important thinkers were Adam Smith (1723-90) and Karl Marx (1818-1883). Smith proposed that the wealth of a nation ought not to be measured in terms of money but in terms of its useful labour force. Marx also argued that 'value' resided in labour, but cash often triumphed. He and Engels wrote in the Communist Manifesto of 1848: 'The bourgeoisie... has mercilessly torn apart the motley feudal bonds... and has left no other nexus between man and man [sic] than callous cash payment.' Marx went further to attack the unequal distribution of wealth between worker, capitalist and landlord, arguing that it arose out of the capitalist system of production itself.



9 Inflating fascism

A big problem with money is the temptation to issue too much of it. The adoption of the Gold Standard by Western nations in 1876, however, linked money to gold reserves and provided a relatively fixed exchange-rate system. This collapsed with the outbreak of the First World War. After the war the victors imposed massive reparations on Germany, which responded by over-issuing money. The results were catastrophic. Goods worth 100 marks in 1913 cost 147,479 marks in 1922 and a staggering 75,570,000,000,000 marks in 1923! The conditions were ripe for the rise of fascism and were not helped by the 1929 Wall Street Crash in the US which caused depression, poverty and unemployment on an international scale.

ILLUSTRATIONS: MARY EVANS PICTURE LIBRARY

Reichsbankstelle

Heaps of money in inflation-torn Germany, 1923.

10 Fragile world

The high costs of failing to develop rules for economic co-ordination were clear to all by 1944 when delegates from 44 countries met at Bretton Woods. They agreed to a new international money system of fixed, but adjustable, exchange rates. After a period of relative success, the Bretton Woods system came to an end in 1971 when US President Nixon terminated the guarantee to exchange one ounce of gold at $35. Many countries pegged their currencies to the US dollar or to other 'strong' currencies, while others floated their exchange rates independently. The result was international monetary instability, which has in part contributed to the current Third World debt crisis. As the world's economy has become globalized, its international monetary system is increasingly fragile and unsustainable.

Text sources include *Money: A History* edited by Jonathan Williams (British Museum Press).

Banking

...this little pig had roast beef.

The mail plops onto the mat.

Included is a statement from my bank (whoops... slipped into the red, again!) and some junk mail, also from my bank, offering 'low-interest' credit. 'How about that holiday...?' it appeals, with pretty pictures of blue seas and parasols. How about it? 'And the caravan you've always wanted...' Excuse me? I check the envelope. Yes, it is personally addressed to me.

How do they do it? Where on earth do banks get all their money from? And why do they keep trying to chuck it at overdrawn me so that I can buy things I don't really need?

I toss the dream holiday and the more resistible caravan lure into the bin. Out falls a promotional leaflet extolling the bank's virtues and services.

What, I wonder, would it be like if instead they sent me a leaflet that set out openly and honestly how the system actually works? What would it have to say?

A MESSAGE TO OUR CUSTOMERS FROM THE CANDID BANK

Dear Customer

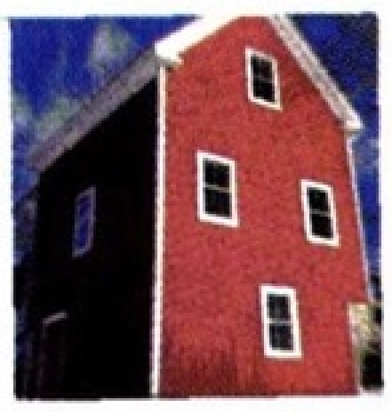
There are many myths about banks and banking. This leaflet explains how we really work.

Myth 1

'We lend money'

Oh no we don't, we go one step better. We invent it. If *you* did that you would be charged with counterfeiting. But we can do it because we are banks. This is how it works: 'A' deposits one dollar with us. On the back of this we are allowed to create a dollar or more to lend to 'B', charging 'B' interest of course. But we don't lend 'A's dollar to 'B'. We keep it in the bank reserves.

Here's the really cunning part: when 'B' pays us back the money that could only come into being because she took out a loan with us, we get to keep that too and add it to our reserves! *And* we keep the interest we have charged her. Economist JK Galbraith has called the system of creating money through making loans 'so simple it repels the mind'. Some of our more indebted customers find it pretty repellent too.



Myth 2

'Your money's safe with us'

Hardly. If a limited number of you decide to withdraw your money then there is no problem. But if, for example, our bank makes too many bad loans and gets into financial difficulties, there might be a 'run on the bank'. A large number of our customers will all want to withdraw their deposits at once. In that case only first-comers will get their money back. This is because we are only legally required to keep a tiny, financially insignificant reserve and we are no longer restricted in how much we lend in relation to how much is deposited with us. You just have to trust us – if things go badly wrong you might get your money back... or it might vanish into thin air.

Myth 3

'Banks fund development'

Quite the contrary, in most instances. For example, many people think that Northern banks lent to Third World governments to help them develop their countries. Actually, by making loans we created money with a stroke of a pen, lent it and then creamed off, and continue to extract, huge amounts of interest paid to us by the South. If indebted governments threaten to break off interest payments, we starve them of further loans which they need because they have become so impoverished.

Myth 4

'The system works'

For banks, sure. But not necessarily for the rest of you. The financial system that dominates the world today is founded on debt. In Britain, for example, the Government mints only 3% of the money. Banks bring the remaining 97% into existence by making loans, by getting people into debt by various means: mortgages, overdrafts, low-interest loans. The amount of debt in the world today is phenomenal – and so are bank profits.

Myth 5

'There is no alternative'

Don't you believe it. There are alternatives. Take social credit, for example. Instead of having nearly all our money created by banks in the form of debt, governments could create more money themselves in the form of credit that can be used on socially useful things. The demand for borrowing would drop as a result, and bank power and profits would decline.

I hope this clarifies matters. If you have any further queries our staff will be happy to advise you.*

Jane Makepeace
The Manager
The Candid Bank

*Or you could refer to an excellent new book by Michael Rowbotham called *The Grip of Death: A study of modern money, debt slavery and destructive economics* (Jon Carpenter, 1998).

Souls of discretion

Eduardo Galeano

presents two snapshots of banking's corrupt underbelly.

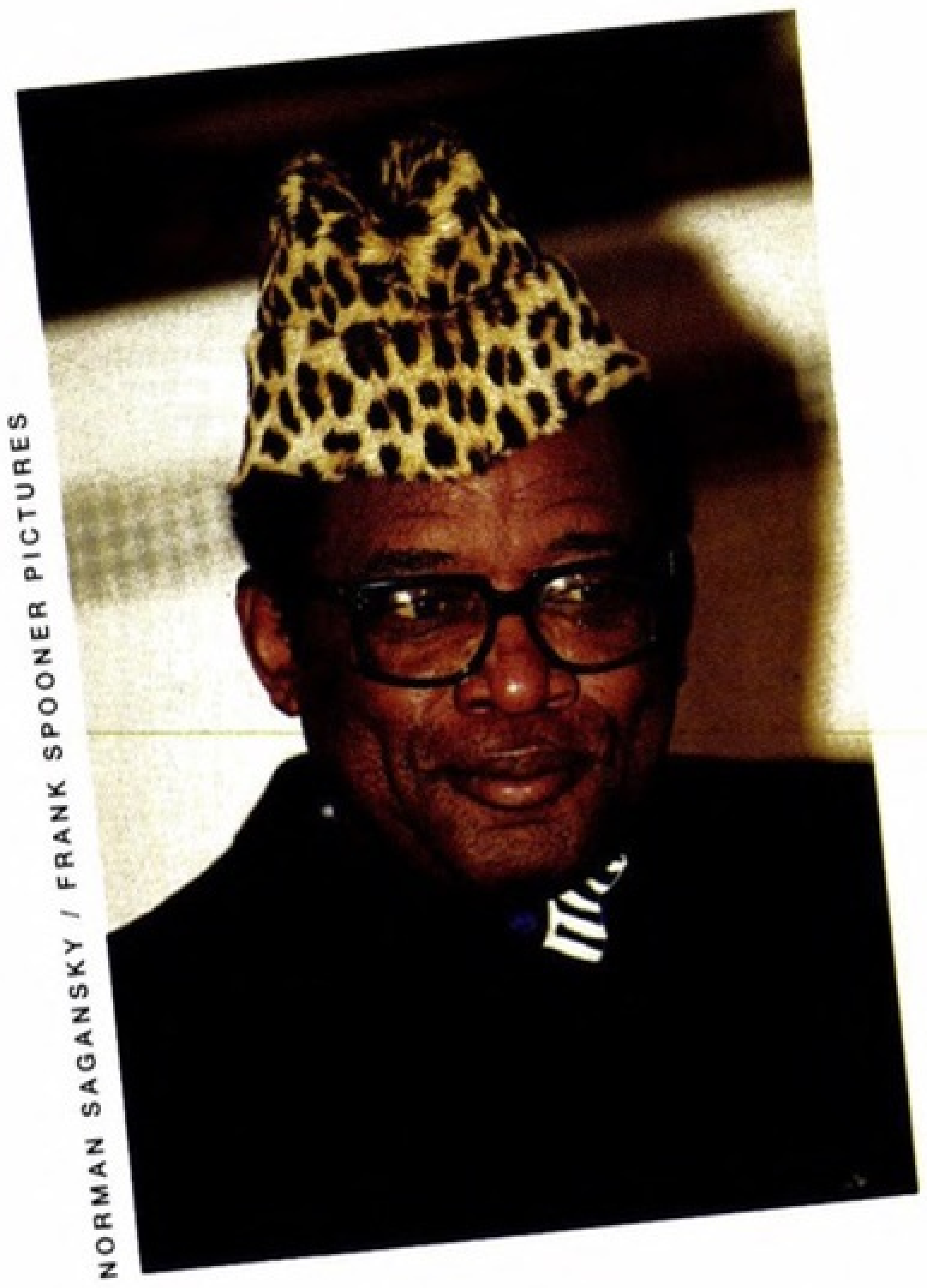
SWITZERLAND has attained universal fame thanks to the marksmanship of its national hero, William Tell, the beauty of its landscapes, the flavour of its chocolate and the accuracy of its clocks. And, above all, thanks to the discretion of its bankers.

The prestige enjoyed by Helvetian banking is a long-established one; a seven-century-old tradition guarantees its seriousness and security. But it was during World War Two that Switzerland became the planet's great financial power. Faithful to its long tradition of neutrality, Switzerland took no part in the war – but it did sell its services, at a very good price, to Nazi Germany. A brilliant business: Swiss banks converted into international currency the gold that Hitler stole from the occupied countries and from captured Jews, including the gold teeth of those who had died in the gas chambers in concentration camps. The gold entered Switzerland with no trouble at all, while those persecuted by the Nazis were turned back at the frontier.

Bertolt Brecht said that it was a crime to rob a bank, but it was a bigger crime to found one. These days, thanks to its banks, Switzerland is the most important laundering and recycling centre for narcodollars and the safest refuge for the loot procured by dictators, thieving politicians and tax-evasion jugglers. Walking along Zurich's Banhofstrasse or Geneva's Correterie, one steps on the clean streets of a spotless country, where not a single speck of dust sullies the air. Under the resplendent pavements sleep the invisible fruits of fraud, pillageand drugs and arms trafficking, transformed into gold bars and money mountains.

Over half a century after the war, the secret banker continues to be the engine of national prosperity. Money has the right to wear a mask and fancy dress at a carnival that lasts the whole year round, with the consent of most of the population. A 1984 plebiscite proposed to 'restrict the abuses' perpetrated by the secret bankers: 73 per cent of Swiss citizens declared themselves against. Thanks to secret banking, the money coming in from drugs and other squalid transactions arrives dirty and departs without so much as a blemish towards the international property and stock markets. However complicated the rinsing process, the laundry always fulfils its task with impeccable efficiency. In the 1980s, when Ronald Reagan presided over the United States, Zurich was the centre of operations for many-sided transactions under the direction of Colonel Oliver North. According to Jean Ziegler, US weapons would arrive in Iran, an enemy country, and be paid for largely with morphine and heroin; the drugs would then be sold from Zurich and the money deposited there.[1] It would subsequently be used to fund the

ILLUSTRATION: JERZY KOLACZ / ARTBANK



NORMAN SAGANSKY / FRANK SPOONER PICTURES

Valuable customer: Congo's Joseph Mobutu stole over $4,000 million from his people.

mercenaries who bombed co-operatives and schools in Nicaragua.

Whether in the shape of temples of tall marble columns or discreet chapels, the Swiss sanctuaries provide shelter for money, wherever or whoever it may come from; they avoid questions and offer mystery. Ferdinand Marcos, despot of the Philippines until 1986, kept between $1,000-$1,500 million stored away in 40 Swiss banks. The general consul of the Philippines in Zurich was one of the heads of Crédit Suisse. Earlier this year, 12 years after the fall of Marcos and many a lawsuit and counter-suit later, the Swiss Federal Tribunal ordered the return of $570 million to the Philippine State. The funds had been detected from documents confiscated from the dictator during his exile in Honolulu. This was an exception to the rule: normally, the delinquent money disappears without trace. The surgeons at the Swiss banks alter its face, change its name and busy themselves breathing legal life into its new fantasy identity.

Nothing turned up of the loot appropriated by the vampires of Nicaragua, the Somoza dynasty. Almost nothing turned up, and not a cent was returned, of the vast sums stolen by the Duvalier dynasty, who squeezed the last drop out of poor Haiti and deposited the money piles in banks in Geneva. The dictator Joseph Mobutu used to travel to Geneva, escorted by a large fleet of bullet-proof Mercedes. There, the man who wrenched between $4,000 and $5,000 million from the Congo, would hold meetings with his bankers. After the fall of Mobutu, little was found: $6 million. Moussa Traoré, dictator of Mali, creamed off more than $1,000 million: Swiss bankers gave back $4 million.

The Swiss banks were the final port of call for the millions stolen by some of the Argentine military who sacrificed themselves for the homeland by running a dictatorship from 1976 onwards. In 1998, a judicial investigation revealed the tip of that iceberg: the accounts held in the name of some of the military who felt assured of their own impunity. How many millions have vanished in the fog sheltering these ghost accounts?

The percentage charged for protecting the Mexican drug mafia is not known, but its river of dollars has allegedly flowed into, among others, Citibank, the Union de Banque Suisse and the Societé de Banque Suisse. How much could be recovered? The money dives into the magic waters of Lake Geneva and becomes invisible.

VOGE-FIGARO / FRANK SPOONER PICTURES

But where does it all come from? Ask on. Secret banking enjoys the continued support of 73 per cent of Swiss voters.

There are those who praise Uruguay by calling it the 'Switzerland of America'. But we Uruguayans are somewhat nonplussed by the homage. Does it allude to the country's democratic vocation, or to secret banking practices? For some years now, banking secrecy has been turning Uruguay into a strongbox with a view to the sea.

Divine transactions

On the last night of 1970, three of God's bankers met up in a Nassau hotel on the Bahamas. Caressed by a tropical breeze and immersed in a postcard landscape, Roberto Calvi, Michele Sindona and Paul Marcinkus celebrated the birth of the new year by drinking a toast to the obliteration of Marxism. Twelve years later, they obliterated the Italian Banco Ambrosiano.

The Banco Ambrosiano was not Marxist. Known as 'la banca dei preti', the priests' bank, the Ambrosiano turned down unbaptized shareholders. This was not the only banking institution with links to the Church. The Bank of the Holy Spirit, founded by Pope Paul V around 1605, had ceased to perform financial miracles for the benefit of divine powers, given that it had passed into the hands of the Italian State, but the Vatican possessed, as it still does, its own official bank, piously called the Institute for Religious Works. However, the Ambrosiano was the second most important private bank in Italy, and its shipwreck was

LOOMIS DEAN / CAMERA PRESS

Roast beef for prelates and priests at the Vatican. Holy finances have been linked to drug dealing and political repression.

described by the *Financial Times* as the gravest crisis in the entire history of Western banking. The colossal swindle left a deficit of over one thousand million dollars, and directly compromised the Vatican, one of its principal shareholders and one of the main beneficiaries of its loans.

Many camels passed through the eye of that needle. The Ambrosiano spun a universal cobweb for the laundering of dollars coming in from the drugs and arms trade, and operated hand in glove with the Sicilian and US mafias and the drug networks in Turkey and Colombia. It acted as a vehicle for the disappearance of loot procured by the Cosa Nostra from contraband and abductions, and it was the dumping ground for dollars earmarked for the Polish unions fighting the communist regime. It also gave generously to the Contras combating the Sandinista Government in Nicaragua, and to the P-2 Masonic Lodge. The Masons allied themselves to the Church, their traditional enemy, in order to form a united front against the common foe, the red peril, and received a million dollars from the Banco Ambrosiano, thus contributing to their familial prosperity and allowing them to set up a parallel government in Italy and carry out terrorist attacks to punish the Left and frighten the population.[2]

The colossal swindle left a deficit of over one thousand million dollars and directly compromised the Vatican...

The depletion of the Bank's funds was effected over the years through a number of gaping financial mouths in Switzerland, the Bahamas, Panama and other tax havens. Heads of government, ministers, cardinals, bankers, captains of industry and high-ranking bureaucrats were complicit in the plunder organized by Calvi, Sindona and Marcinkus. Calvi, who administered funds for the Holy See and headed the Banco Ambrosiano, was famous for the iciness of his smile and his deft accounting skills. Sindona, king of the Italian stock exchange and the man entrusted by the Vatican with its property and financial investments, also acted as a vehicle for the contributions of the US embassy to right-wing Italian parties. He owned banks, factories and hotels in several countries, and was even the owner of the Watergate building in Washington, whose scandalous notoriety had been achieved thanks to President Nixon. Archbishop Marcinkus, who headed the Institute for Religious Works, had been born in Chicago, in the same neighbourhood as Al Capone. A brawny man, always with a cigar in his mouth, Monsignor Marcinkus had been a bodyguard to the Pope before being put in charge of his business affairs.

All three contributed to the greater glory of God and their own pockets. It can confidently be said that they enjoyed successful careers. But none of them was able to escape the fate of persecution and martyrdom predicted in the Gospels for the apostles of the faith. Shortly before the crash of the Banco Ambrosiano, Roberto Calvi was found hanged under a bridge in London. Four years later, Michele Sindona found himself in a high-security prison in Pavia. He asked for a coffee with sugar. They misunderstood him and served him coffee with cyanide. Some months later, a warrant was issued for the capture of Archbishop Marcinkus, for fraudulent bankruptcy. ■

Translated by **Ana Ransom**

Uruguayan writer and historian Eduardo Galeano is author of several books including the classic *The Open Veins of Latin America*. His most recent is *Football in Sun and Shadow*, published by Fourth Estate.

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[1] See Jean Ziegler, *La Suisse lave plus blanc* (Paris, Seuil, 1990). [2] See Maria Antoinetta Calabró, *Le mani della Mafia: Vent'anni di finaza e politica attraverso la storia del Banco Ambrosiano* (Edizioni Associate, Roma, 1991). Maurizio Di Giacomo and Jordi Minguell, *El Finançament de l'Església Catòlica* (Index, Barcelona, 1996).

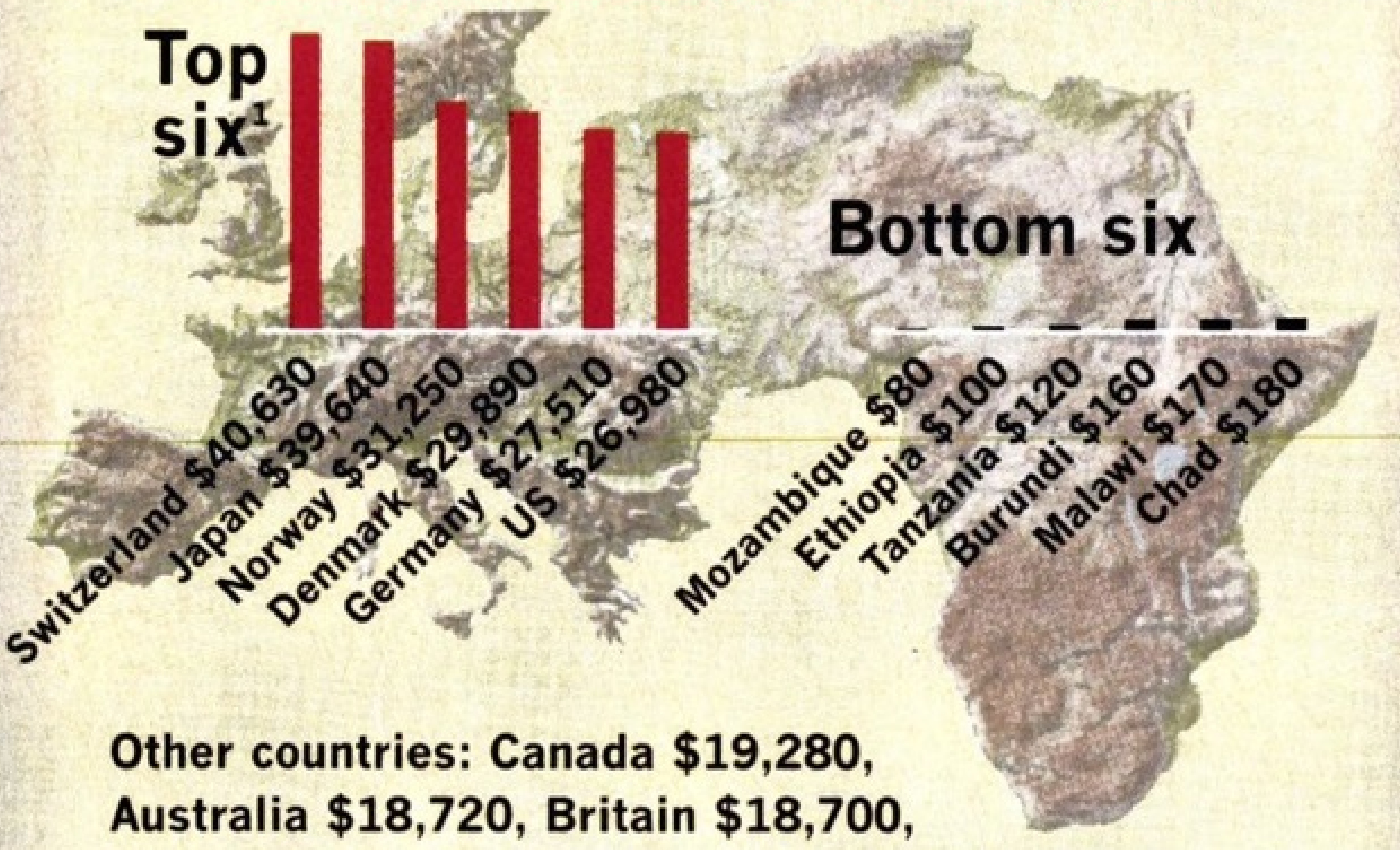
THE FACTS ON

Cooked, for their own benefit, by bankers, the world's money system is more

1 DEEP DIVISIONS

The gap between rich and poor worlds is vast. In terms of GNP per person, a citizen of the richest country is 500 times better off than one from the poorest.

Gross National Product per capita (1995 figures)[1]

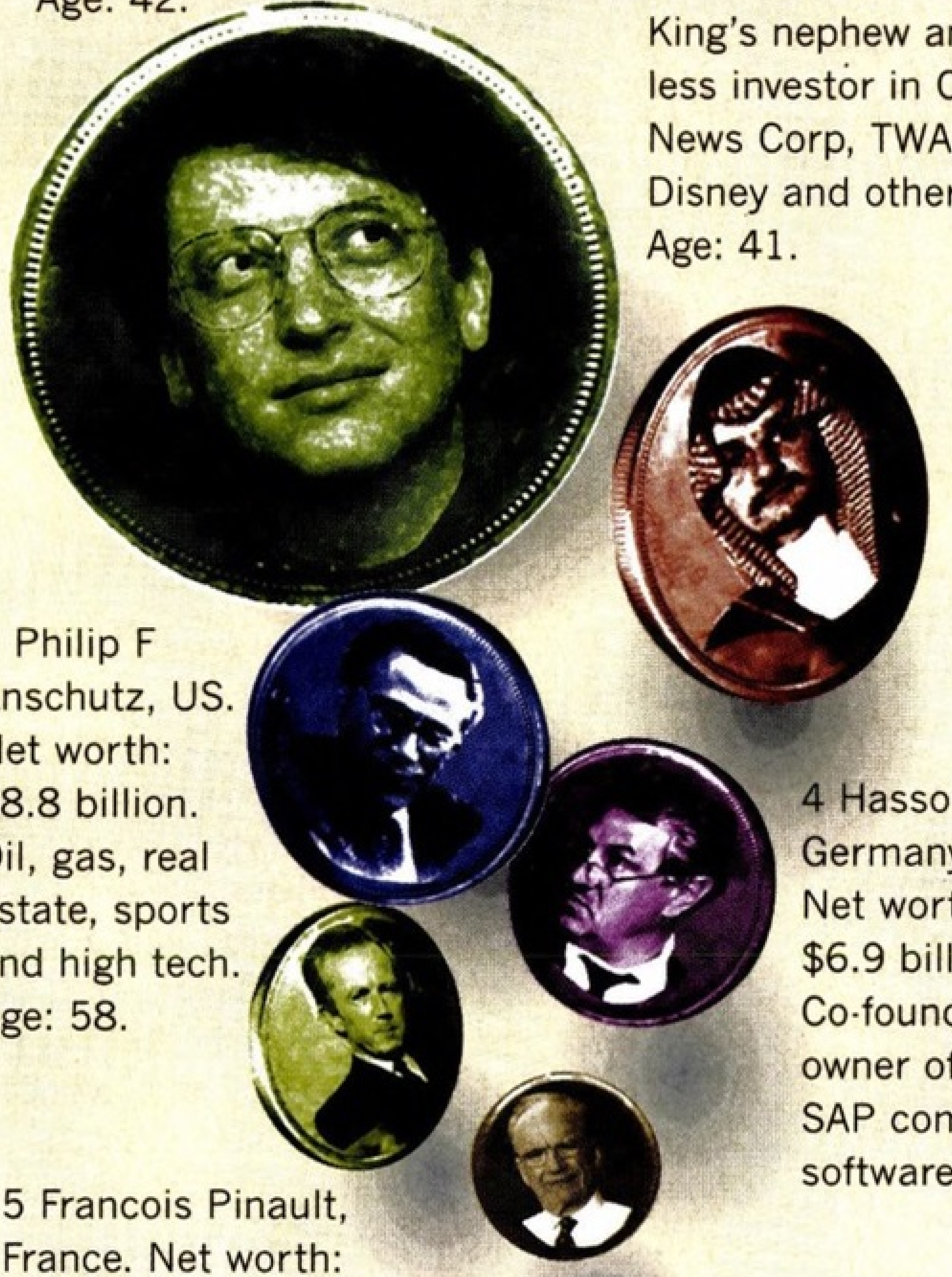


Other countries: Canada $19,280, Australia $18,720, Britain $18,700, Ireland $14,710, Aotearoa/NZ $14,340

Top six working billionaires[2]

1 Bill Gates, US. Net worth: $51 billion. Owns 22% of Microsoft computer empire. Age: 42.

2 Prince Alwaleed bin Talal bin Abdulaziz Alsaud, Saudi Arabia. Net worth: $13.3 billion. King's nephew and restless investor in Citicorp, News Corp, TWA, Euro Disney and others. Age: 41.



3 Philip F Anschutz, US. Net worth: $8.8 billion. Oil, gas, real estate, sports and high tech. Age: 58.

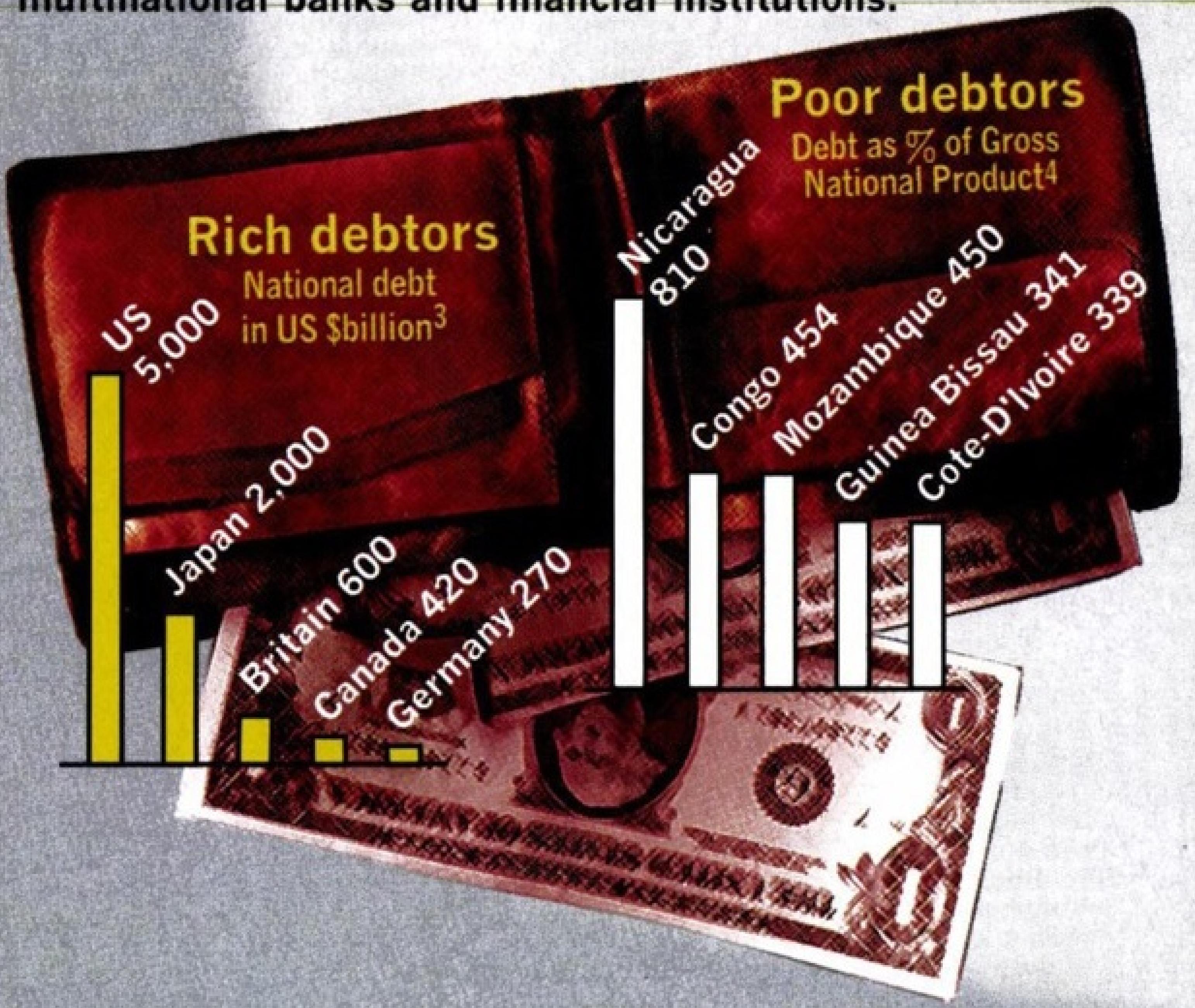
4 Hasso Plattner, Germany. Net worth: $6.9 billion. Co-founder and owner of 23% of SAP computer software. Age: 54.

5 Francois Pinault, France. Net worth: $6.6 billion. Owns 26% of retailer Pinault-Printemps-Redoute and others. Age: 61.

6 Rupert Murdoch, US. Net worth: $5.3 billion. Media magnate. Age: 67.

2 IN THE RED

The world's economic system is based on debt. Every country in the world is in the red, even the richest and most successful. Most of the money is owed to multinational banks and financial institutions.



3 COLOSSAL CAPITAL

Today the power of international finance – banks, pensions, trust funds, investment houses and hedge funds – is colossal, dwarfing even that of multinationals.

Currency: Between $800 billion and $1,000 billion is traded every day in the international currency markets alone. This is now equal to the international trade between stock markets around the world.[3]

Currency traders take stock at SIMEX, Singapore.

CHRIS STOWERS / PANOS PICTURES

Funds: In the US the total pool of investment funds doubled between 1991 and 1994 to $2,000 billion. Pension funds comprised a third of all US corporate stocks and shares.[3]

Banks: Giant mergers are turning banks into the world's most powerful corporations.

This year Citicorp and Travelers Group plan the biggest bank merger yet. Combined assets will top $700 billion, with 100 million customers in over 100 countries.[6]

Sources: **1** World Bank, *World Development Report* 1997, New York. **2** *Forbes*, July 6 1998. **3** Michael Rowbotham, *The Grip of Death* (Jon Carpenter, 1998). **4** Jacques Gelinas, *Freedom from Debt* (Zed, 1998), quoting from World Bank and UNDP *Human Development Report* 1997. **5** *The Banker*, July 1998, London. **6** Edward S Herman, 'The threat from mergers' in *Dollars and Sense*, May /June 1998. Also *Citicorp News*, July, 1998. **7** Noam Chomsky, 'The poor always pay debts of the rich', *Guardian Weekly*, May 24, 1998. **8** *Foreign Policy in Focus*, Vol 3, No 5, April 1998, Interhemispheric Resource Centre, Albuquerque, US. **9** *The Economist*, 'Towards a new financial system', April 11, 1998. **10** Charlotte Denny, 'Asian backlash hits the poor', *Guardian Weekly*, April 5, 1998.

MONEY

financiers and speculators, than ever a marker of inequality.

Rich countries can ride high indebtedness if there is confidence and investment in their economies.

But poorer countries are crippled by their foreign debts. Some owe several times more than their total GNP.

Biggest creditors

Apart from the World Bank the biggest lenders are commercial banks, which in most countries today bring 95% of all money into existence by making loans.[3]

TOP BANKS ARE:[5]

1 **HSBC Holdings** – London, Britain
2 **Chase Manhattan Corp** – New York, US
3 **Crèdit Agricole Groupe** – Paris France
4 **Citicorp** – New York, US
5 **Bank of Tokyo-Mitsubishi** – Tokyo, Japan

Other mega-mergers of the 1990s include:

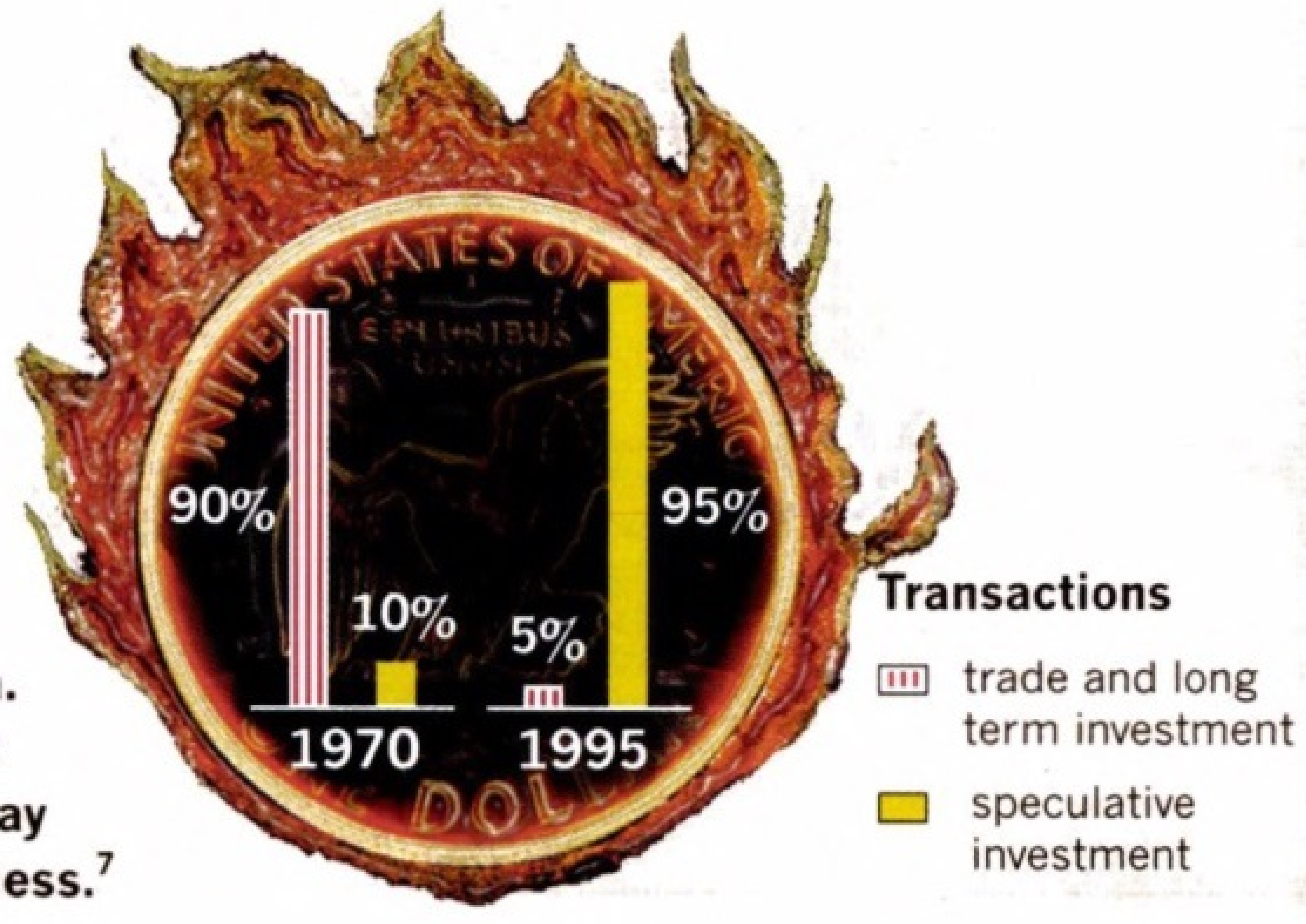
	Combined assets in $billions[6]
Chemical Bank - Chase Manhattan	$300
Bank of America - Security Pacific	$192
NCNB - C&S/Sovran	$118
Wells Fargo - First Interstate	$107

An old woman counts up her roubles in inflation-ridden Russia.

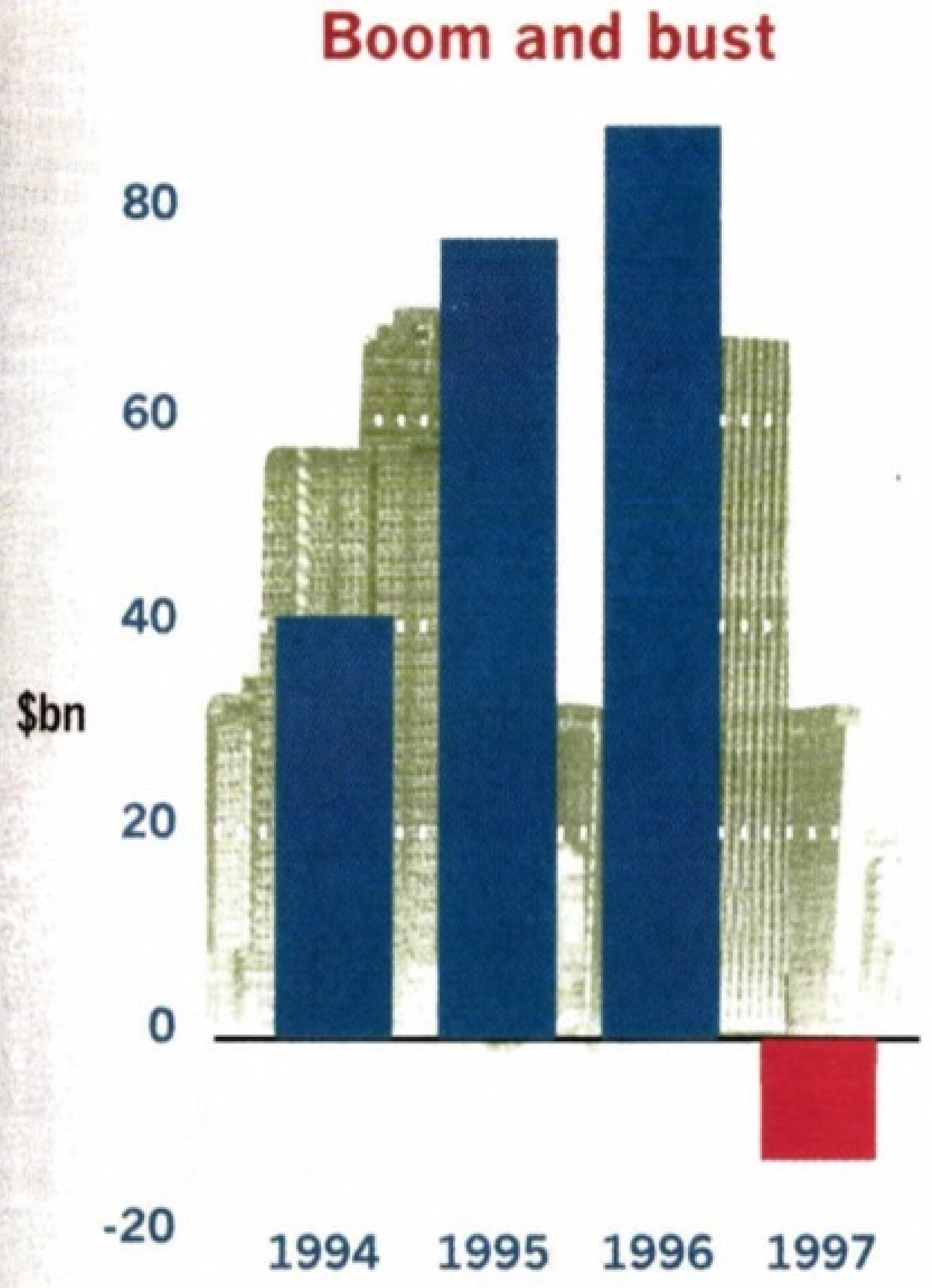
H BRADNER / PANOS PICTURES

4 HOT MONEY

Most investment in the world is now 'hot' – speculative and very short term. Three quarters of it comes and goes away again in a week or less.[7]



Globalization has brought vast flows of speculative capital to emerging economies whose markets offered high interest rates.



Private capital flows to South Korea, Indonesia, Thailand, Malaysia, and the Philippines

☛ Over 75% of speculative capital has gone to just 10 emerging economies, led by China, Indonesia, Mexico, South Korea and Brazil.[8]

☛ The flow of private money into developing countries expanded from $34 billion in 1987 to $256 billion in 1997.[9]

... COLD TURKEY

Sudden withdrawal of capital has severe social impacts. In South Korea unemployment is expected to hit 3 million by the end of 1998, as 10,000 workers lose their jobs each day.[8]

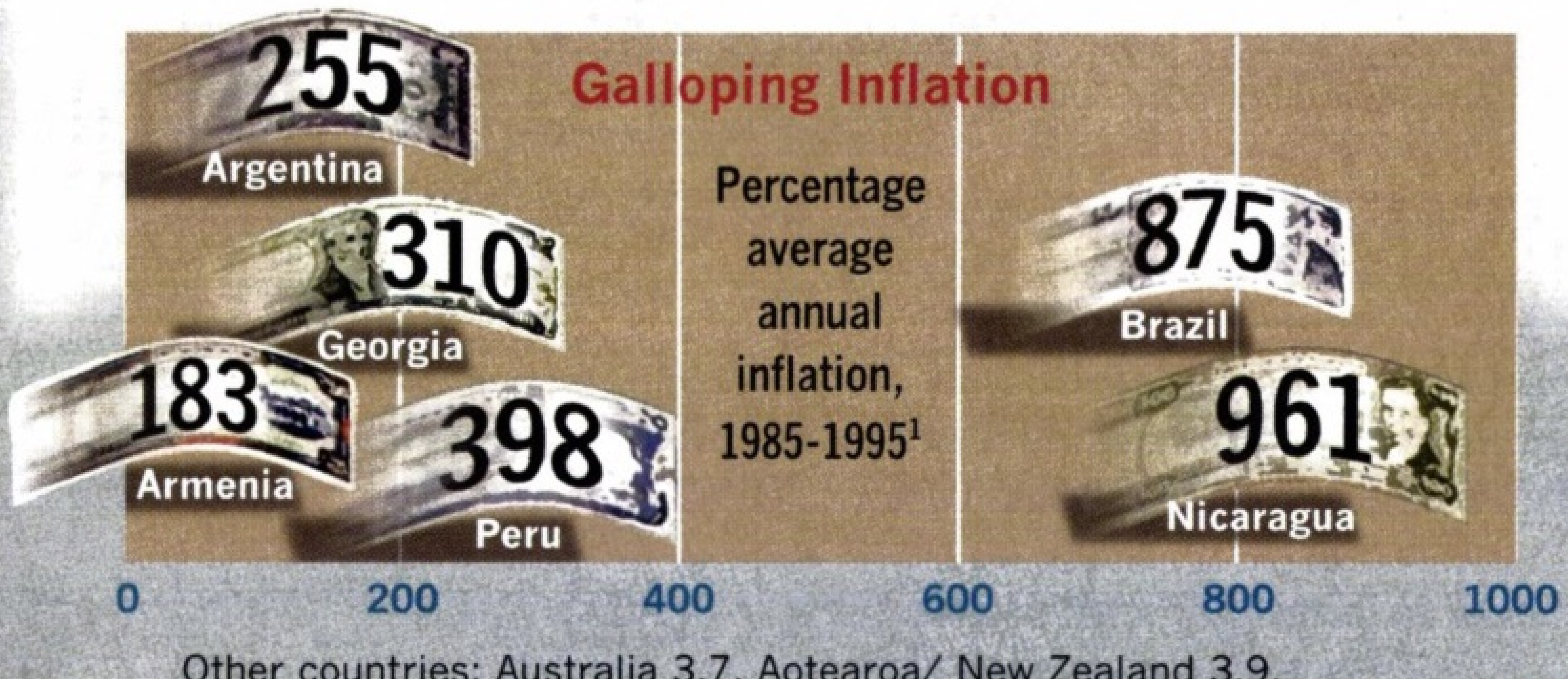
Meanwhile, official aid from Western governments to the developing world has also declined. It was $37.3 billion in 1997 – a drop of 12% in real terms compared with 1996.[10]

5 EVAPORATING VALUE

The value of money can drop overnight when currencies fall in relation to others. This can be provoked by large-scale currency speculation.

☛ In 1997, the Malaysian, Filipino and South Korean currencies fell to record lows as a result of the Asian Crisis. But the Indonesian rupiah has been the worst hit, depreciating by 80% against the dollar while the Thai baht is worth about half of its pre-crisis value. Currency values in Mexico, Argentina and Brazil also fell as a result of the crisis.[8,9]

Inflation occurs when the value of money falls in relation to the goods it can buy.



Other countries: Australia 3.7, Aotearoa/ New Zealand 3.9, Ireland 2.5, Britain 5.1, Canada 2.9, US 3.2, Japan 1.4.

Crisis, crisis

...and this little pig had none.

My daily paper has improved its coverage of Asia recently. It's bad news of course, the only kind that makes the Western news media sit up and take notice. And it's been a while coming.

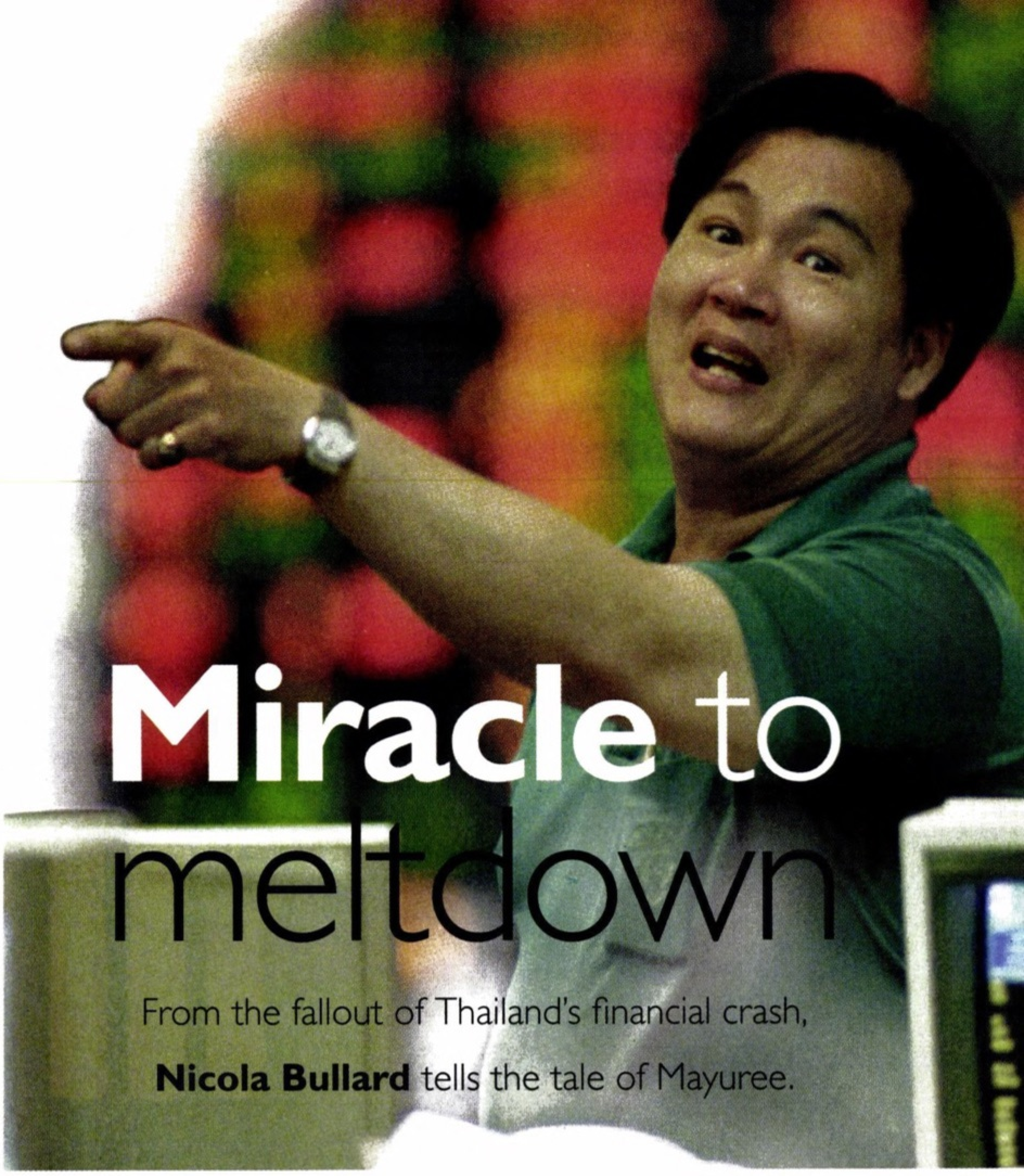
When the Asian markets suddenly nose-dived last year, their currencies collapsing by up to 80 per cent against the dollar, my first thought was: it's a blip. Markets do this sort of thing. Like it or not, capitalism has an amazing, reptilian flexibility. It can snake out of tight spots and alter its hue, chameleon-like, to suit local conditions

Later I thought: the Asian markets' crash is like an earthquake, sending shock waves along the fault line. Except that this particular fault line is actually a vast network, connecting markets internationally – New York, Moscow, Tokyo, Frankfurt, Hong Kong, Bangkok, Jakarta, to name but a few. Does this mean we are heading for a 1929-style crash, leading first to recession, then global depression?

Well, there were mini crashes in markets around the world as a result of the Asian crisis. But they were less dramatic than the doomsayers had predicted. Then the IMF deployed the biggest financial rescue package in history. The kinds of noises experts were making suggested that the situation might be salvaged.

It doesn't seem quite like that now. The crisis is not going away. If anything, it appears to be deepening and its shock waves are spreading around the world. Squeals of protest are coming from Western manufacturers as Asian companies undercut them in a desperate bid for export earnings. This is translating into job losses in Europe and the US.

There are still several unanswered questions at the back of my mind. How could this export-led model of capitalist development, endlessly peddled and lauded by the IMF and the World Bank, collapse like a pack of cards? Miracle to meltdown in a matter of months. Are there any remedies? And what's it like for ordinary people trying to survive at the very epicentre of the crisis?



Miracle to meltdown

From the fallout of Thailand's financial crash, **Nicola Bullard** tells the tale of Mayuree.

Eight years ago, Mayuree climbed onto an overcrowded bus in her dusty village in Central Thailand and headed south. At the end of the five-hour trip down a partially built highway lived her older sister and brother-in-law.

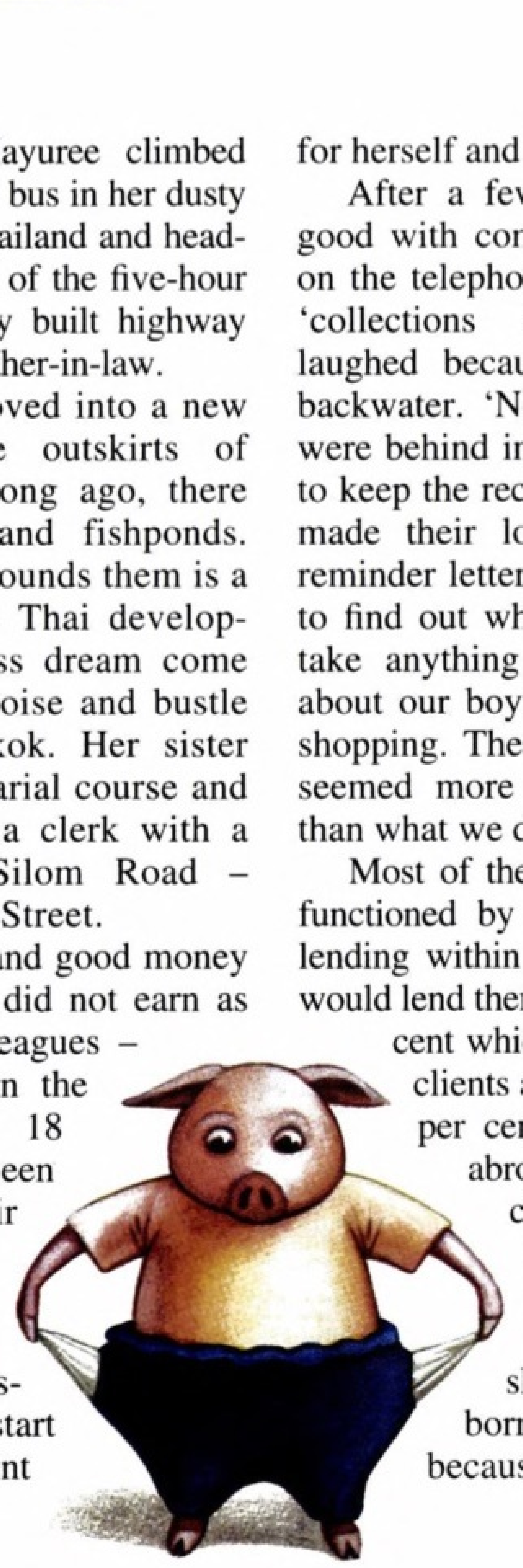
The couple had just moved into a new apartment block on the outskirts of Bangkok where, not so long ago, there had been paddy fields and fishponds. Today the skyline that surrounds them is a clutter of high-rises – the Thai developer's idea of a middle-class dream come true. Mayuree loved the noise and bustle and excitement of Bangkok. Her sister paid for her to do a secretarial course and she soon found work as a clerk with a finance company near Silom Road – Bangkok's answer to Wall Street.

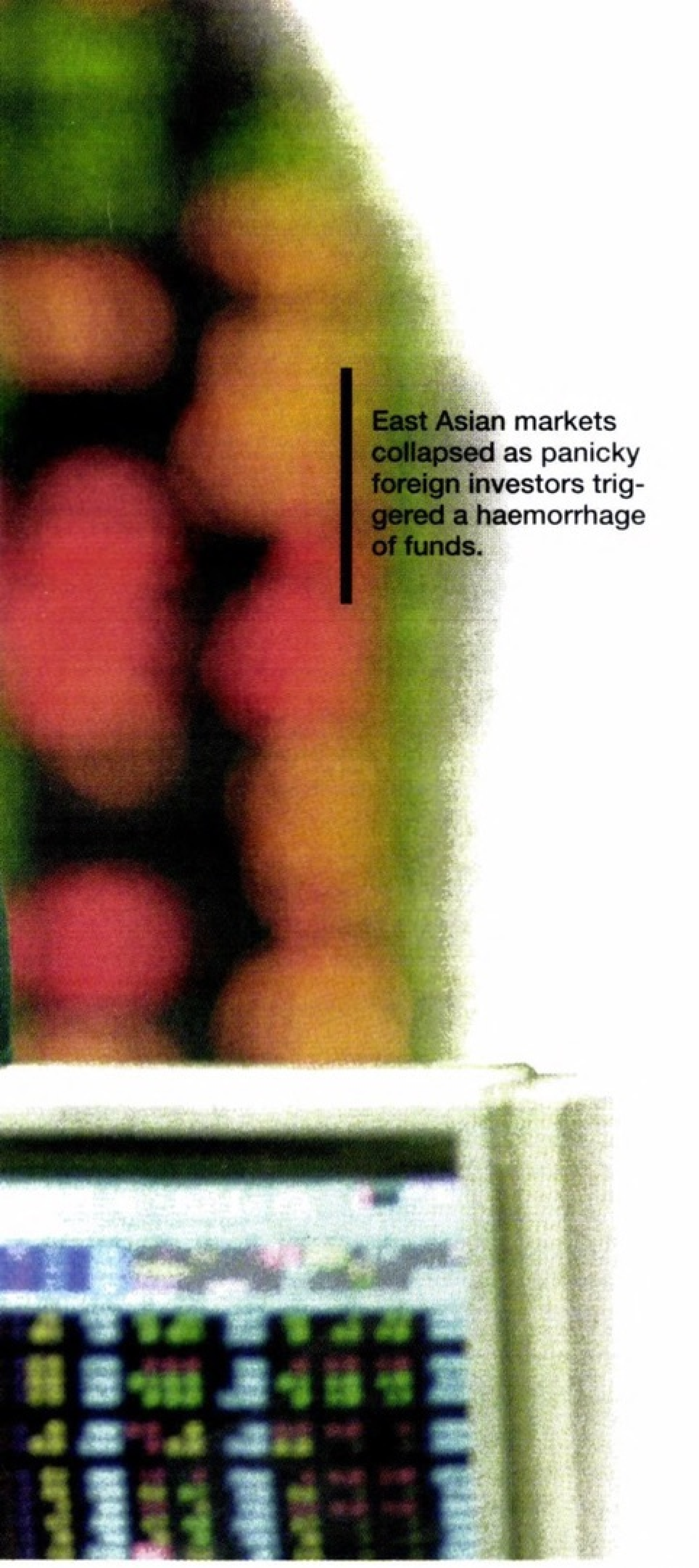
Getting a job was easy and good money was to be made. Mayuree did not earn as much as some of her colleagues – graduates who'd studied in the US, changed jobs every 18 months and were never seen out of the company of their mobile phones. But it was enough to be able to send money home to help put her younger brother and sister through school, and to start saving up for an apartment for herself and her boyfriend.

After a few months, because she was good with computers and polite to people on the telephone, she was promoted to the 'collections department'. Her friends laughed because collections was such a backwater. 'No one really cared if clients were behind in their repayments. I just had to keep the records of everyone who hadn't made their loan repayments, send them reminder letters and occasionally ring them to find out what was going on. We didn't take anything very seriously. We talked about our boyfriends and our families and shopping. The boss was very relaxed – he seemed more interested in his latest car than what we did in the office.'

Most of the Bangkok finance companies functioned by borrowing from abroad and lending within Thailand. The foreign banks would lend them money at a rate of 7 or 8 per cent which they would re-loan to local clients at anything between 15 and 20 per cent. The flow of money from abroad seemed unstoppable, especially after 1993 when the Thai Government relaxed the rules to make it even simpler.

At first Mayuree was shocked at how easy it was to borrow money. 'Maybe it's because I'm from the country, but I





East Asian markets collapsed as panicky foreign investors triggered a haemorrhage of funds.

AUSTRALIAN ASSOCIATED PRESS

DIARY OF A DISASTER

...how the crisis gathered momentum

1990: *Liberalization and deregulation in the Asian Tiger economies open the gates to tides of short-term foreign investment ('hot money') which funds 85% of economic growth.*

1990 to mid-1996: *The East Asian economies become exemplars of the fast-track capitalism and export-led growth favoured by the World Bank and the IMF, with average annual growth rates of around 8%. Most foreign investment capital is funnelled into high-profit, short-term ventures.*

December 1996: *The IMF praises the Thai Government's 'consistent record for sound macro-economic management policies'.*

July-1997: *Thai property companies get into difficulties after a real-estate bubble bursts, wiping a third of the value off the stock market and leading to the collapse of the banks which backed them. Foreign investors lose confidence and start pulling out. The Thai currency's peg to the dollar wobbles. Currency speculators move in for a killing. The Thai baht is floated and the currencies of the Philippines, Malaysia, Indonesia and South Korea also suffer. A wave of devaluations follow, triggering a massive haemorrhage of funds as panicky foreign investors sell up their stocks and bonds. The economies of Thailand, Indonesia, South Korea and the Philippines go into free fall.*

December 1997: *By now millions are without work and decades of social and economic progress have been thrown into reverse. Of 282 firms on the Indonesian stock market only 22 are technically solvent.*

January 1998: *A $120 billion rescue plan, crafted by the IMF and the US Treasury, is set in motion in order to enable South Korea, Thailand, Indonesia and the Philippines to pay back the billions of dollars owed to US, European and Japanese banks and lure back foreign investors. In exchange the four countries have to restructure their economies, opening up their markets even further to foreign capital. Transnational corporations from the US, Europe and Japan buy Asian companies at rock-bottom prices.*

April 1998: *Japan slips into recession. A couple of months later the yen tumbles.*

May 1998: *Escalating pro-democracy protests and riots in Indonesia, fuelled by the economic crisis, oust the dictatorial President Suharto.*

Mid-1998: *20,000 South Korean firms have gone bust since the crisis began. Jobless rates of 11% and 10% are predicted for Indonesia and South Korea. The Thai Government decides to expel up to one million migrant workers by the end of 1999, South Korea 146,000 and Malaysia 900,000.*

July 1998: *Other countries begin to feel the fallout. The devaluation of several Asian currencies, especially the yen, hits Brazil's exports to Asia. Foreign investors are reluctant to put their money into any emerging economy. South Africa's currency, the rand, plunges to an all-time low.*

August 1998: *Western manufacturers complain that undercutting by desperate Asian countries, notably South Korea, is causing job losses in the West.*

remember how hard it was for my parents to get loans from the Bank for Agriculture and Co-operatives. Sometimes, if they were really desperate, they'd have to go to the moneylender who'd charge 25 per cent interest and then hound them if they were a moment late in paying.'

Most of the clients of Mayuree's finance company were property developers. Thailand's aspiring *nouveaux riches* would buy new properties as an investment; they never actually lived in those slick, neoclassical apartments. If they had, they would have noticed the poor plastering, the doubtful wiring, the unsafe structures. Instead they watched property prices soar, waiting until they could sell for a quick profit. It was a game that suited everyone. The foreign banks got more interest than they could in the US, Europe or Japan, the developers were making such good profits from selling apartment blocks that they didn't care about the interest rates and Mayuree's finance company was raking in profits. Even when property prices began levelling out in 1995, developers continued to build. Everyone wanted to be part of the dream, and no one thought it would end.

At least, that is how it was until May last year when the director of Mayuree's firm arrived unusually early and started demanding lists of all the outstanding loans. 'You could tell that he was really shocked by the figures, although he shouldn't have been because we used to prepare a report for the Board meeting every month. But in those days the joke had been that the Board lunch was longer than the Board meeting.'

Mayuree's boss started paying a lot of attention to the finer details of who was and, more significantly, who wasn't paying back their loans. Although Mayuree's job was only to enter numbers into the computer and print out the reports, she had noticed over the past few months that the numbers were getting bigger as more and more clients were falling behind. When she rang to remind them, they'd say that they couldn't pay this month because a deal hadn't come through. They didn't apologize and it wasn't her job to ask questions.

'I'd spend days trying to get through to the client and his secretary would always say that he was in a meeting, or on site, or overseas. They were really slippery.'

With reason. The Bangkok property boom had outstripped actual demand and by 1996 an astounding $20 billion in new property stood unsold.

Eventually, the non-performing loans amounted to about 40 per cent of the company's total business, leaving it, like

AUSTRALIAN ASSOCIATED PRESS

Thai textile workers protest against the closure of their firm.

most of the finance market, virtually bankrupt.

Then, on 2 June 1997, the Government floated the Thai currency, the baht, effectively devaluing it. For weeks the Central Bank had used up nearly all the government reserves trying to keep the currency's value pegged to the dollar, without success.

The devaluation hit Mayuree's company hard, as it had to pay back foreign loans in dollars, yen and pounds. Every week it needed to find more and more baht to make up the difference. The books were disastrously unbalanced – the more the baht plunged against the dollar, the more finance companies had to repay foreign banks, and the less their clients would cough up on their loans. Mayuree's company became one of 52 suspended and eventually closed by the Finance Restructuring Authority in December 1997. 'I was with some friends watching the news on TV and when we heard the name of our company we all started to cry.' Nearly 400 people lost their jobs from her company alone.

A whole generation of young, educated people who had known nothing but boom times now face unemployment. 'What am I going to do?' says Muyuree. 'Some of my friends have gone back to their parents and others are working in bars. But I don't want to do that. I studied hard and was good at my job and now it's all gone. I now sell some clothes with a friend at weekend markets, but it's hardly enough to make ends meet. My boyfriend worked in the same company and he also lost his job.'

She is angry and frustrated. Last October, when Prime Minister Chavalit was still in power, she joined the rally in Silom Road demanding his resignation.

Many pinned their hopes on the IMF coming up with a solution to the crisis. 'But nothing seems to have changed except that taxes and interest rates have risen. Every day there's something on television about a factory closing or people being laid off work or another company going bankrupt.

'Some of my friends blame foreigners. They believe that the crisis was created so that foreign companies could come and buy up the country. Others say it's because of corruption, or because people gambled on the stock exchange, or because rich people wasted their money on overseas trips. I don't know what to think. It's all very confusing. All I know is that I want a new job so that I can get on with my life.' ■

Nicola Bullard is a writer and researcher with the Focus on the Global South program based in Bangkok. She has been following the Asian economic crisis since it began.

A recipe for change

The world's financial system is inherently perilous. Globalization has gone too far. What's needed is:

◆ Controls on the flow of capital – especially 'hot money' – going in and out of developing economies. In Chile, for example, 30% of short-term investment has to spend a year in the Central Reserve Bank without interest to encourage longer-term investment. Another measure is to apply a transactions tax on all cross-border flows of capital that are not clearly marked for productive investment.

◆ Though the right kind of foreign investment is important, growth must be financed principally from domestic savings and investment. This requires progressive taxation systems. One of the key reasons Southeast Asian élites relied on foreign capital for development was that they did not want to tax themselves.

◆ Development needs to be re-oriented around the domestic market. Dependence on exports has made the region vulnerable to the vagaries of the global market and has sparked a race to the bottom that has beggared sections of the labour force while benefiting only foreign investors and domestic manufacturing élites.

◆ High growth rates of 8% or 10% are not environmentally sustainable. The élites' addiction to high growth is partly explained by their desire for the lion's share of wealth. The alternative – redistribution of wealth – is clearly less acceptable to the ruling groups but is vital to a pattern of development that combines economic growth with political stability and ecological sustainability.

Source: **Walden Bello**, co-director of Focus on the Global South program, Bangkok.

...and this little pig went wee, wee, wee, all the way home.

I handle money – actual coins and notes – less and less these days. Soon I may not need to touch it at all. Banks are busy planning the switch to 'smart cards' that can be used for all transactions, however minor. I can already slot my credit card into a machine on the opposite side of the globe and withdraw money, in the appropriate currency, instantly. And soon, in much of Europe I won't even have to think in terms of appropriate currency – there will be just the one, the Euro.

This is all presented as simplicity and progress. But the question least often asked is: who will it empower? The move to the Euro marks a shift away from control over their own currencies by individual governments, and towards control by a European central bank. This means power moving away from elected, accountable – we live in hope! – politicians, and towards unelected, unaccountable bankers. There's some fudgy talk about introducing accountability at a later stage. Well, let's see...

Meanwhile the new electronic money, the 'flexible friends' of our credit card age, may not be quite so flexible or friendly. Will the poor, the homeless, those without bank accounts be entitled to a 'smart card'? Not likely. So does that mean they will be pushed out of the money system altogether?

Financial services being available only to the relatively well-off is all too common in the Majority World. But 'redlining' of areas – regions where banks simply won't lend money – is happening in Britain and the US too.

This is mad. Can't we get off this not-so-merry-go-round and make money people-centred?

Our money

BRILL-UNEP / STILL PICTURES

Can money ever serve the needs of people and the environment – instead of the other way round?

James Robertson suggests ways in which it could.

I HAVE a dream. The money system is ours, the people's. It is competently designed to enable us to exchange things which we need but cannot each provide for ourselves. It is efficiently and fairly managed for us by responsible professionals who respect people and the environment.

The reality is very different. People all over the world today experience the money system as a nightmare – an institution as incomprehensible, exploitative and corrupt as the pre-Reformation Catholic Church at the end of the Middle Ages. Financial events on the far side of the world deprive people of their houses, jobs and livelihoods while traders in funny money called 'derivatives' get bonuses larger than the annual budgets of schools.

Today's money system compels us to dance to the tune of 'money-must-grow'.[1] How much longer can we take the consequences?

These include:

- The tendency of savings automatically to flow out of poor areas, where investment is badly needed, to places where development is already booming and economic activity high. This gives savers, bankers and financiers a higher return than investing locally. Local financial institutions supporting local development have virtually died out. Grassroots savings banks like the Grameen Bank in Bangladesh and local development banks like the Aston Reinvestment Trust in Birmingham, England, are exceptions that prove the rule.
- Interest-bearing loans and debt result in a massive transfer of wealth from poor people to rich people. A 1995 study in Germany found that the richest tenth of the population benefited hugely from this, the second richest benefited much less, and the rest (80 per cent) lost out.[2] The Third World debt scandal illustrates the same thing on a global scale.
- The 'money-must-grow' dogma accelerates the destruction of natural resources. The effect of interest is that the value of a given sum of money is greater if you have it now than if you are only going to get it some time in the future. For example, if the money earned from selling a certain quantity of oil today could be banked at ten per cent compound interest per annum, it would double its value in less than nine years' time. Leaving minerals undisturbed in the ground, fish swimming in the sea, and trees living in the forests, generates no cash flows for early reinvestment. Under pressure from

SIGNORELLI ENZO / FRANK SPOONER PICTURES

Under the current money system it is far more profitable to extract oil we don't need than to leave it in the ground.

investors and the threat of take-overs, businesses are forced to raise production and sales to environmentally damaging levels.

- Finally, the lure of 'money-must-grow' draws more and more people into the increasingly Alice-in-Wonderland cyberspace where money is made out of money, and 95 per cent of the money changing hands has nothing to do with providing real goods and services.

We need to rethink the future of currencies, interest and debt in the 'Information Age'. Many desirable innovations, such as microcredit, local investment banks, social and green investment and the cancellation of Third World debt, are straightforward enough. But money itself is a slippery concept, clouded in priestly mystery. Working out an effective strategy to control it rather than let it control us is a formidable challenge. But it is a prerequisite to economic liberation, social justice and environmental sustainability.

Multiple virtues

Compelling everyone to use the same currency reflects the impulse to centralize power, and there are strong economic and political arguments against it. As the American economist Jane Jacobs noted: 'Today we take it for granted that the elimination of multitudinous currencies in favour of fewer national or imperial currencies represents economic progress and promotes the stability of economic life. But... national or imperial currencies give faulty or destructive feedback to city economies and this in turn leads to profound structural flaws in those economies, some of which cannot be overcome, however hard we try.'[3]

Rural local economies suffer too. When any locality is compelled to use only a national – or supranational – currency, a decline in its ability to compete economically with the outside world brings too little money into local circulation to support even purely local activities. Unemployment then rises, land and other resources are underused, and local needs are unmet. The monetary policies which are appropriate for the prosperous parts of a national – or continental – economy are bound to be inappropriate for poor areas.

Economists like Milton Friedman have seen this lack of flexibility as a convincing argument against the single European currency.[4] But he and other mainstream economists and politicians seem not to recognize that it applies to single national currencies too. You have to look to the grassroots for pointers to the future in this respect. In many countries – including the US, Canada, Britain, Ireland, Australia and Aotearoa/New Zealand – local currencies or quasi-currencies are rapidly growing in number. Ithaca Hours and Time Dollars are among the most successful in the US. Local Exchange Trading Systems (LETS) are among the best known elsewhere. Many draw inspiration from the way local currencies reduced unemployment in Worgl and other Austrian towns in the 1930s before being suppressed by the Central Bank.[5]

The idea that there must be only one kind of money – and a single currency – may soon seem archaic

The introduction of both supranational and local currencies would be in tune with the increasingly global and increasingly local nature of twenty-first-century life. It would give people and organizations a range of appropriate currencies to use for different purposes. Computerized banking systems can easily handle customers' accounts in more than one currency.

In Europe these could include: a common – not single – European currency; national currencies in countries that have kept them; local currencies issued by those local government authorities that so decide; and neighbourhood quasi-currencies like LETS, initiated by community groups.

Unfortunately, as former international banker Bernard Lietaer says, 'Evaluating the implications of multiple and, particularly, complementary currency systems... is practically a virgin academic field.' There is urgent work to be taken forward here.

Challenging interest

The perverse effects of interest and debt raise further questions that governments and central banks need to address.[6]

These are:

- Should the creation of new money – 'credit creation' – continue to be delegated by governments to banks? This allows banks to profit from issuing money as debt in the form of interest-bearing loans to their customers, and requires governments themselves to pay interest on public borrowing. Why can't governments themselves issue new money directly, as payments for public spending programmes or as part of a Citizen's Income?
- As a general practice should we aim to discourage the lending of money in the form of interest-bearing loans and replace it whenever possible by risk-sharing investment? This would be in line with Islamic teaching, and earlier Christian doctrine, that usury is sin. The intention would not, of course, be to create a mass of new equity shares for speculation on the Stock Exchange. It would be to encourage banks, for example, to share more of the risks carried by the businesses and enterprises they help to finance, and not to bankrupt them by calling in their loans at awkward times as so often happens now. It would mean reducing the legal privileges of lenders – such as banks – who now have priority over other creditors – such as shareholders – when carving up the assets of bankrupt businesses.[7]
- Should negative interest rates or 'circulation charges' be introduced? They were proposed at the end of the last century by Silvio Gesell. He was a successful merchant in Germany and Argentina, from whose theory of money and 'natural economic order' Keynes said the future would learn more than from Marx. Gesell inspired local interest-free currency experiments in a number of countries including Germany and Austria. The Mayor of Worgl was one of his followers. The

Worgl and other Austrian local currency notes of the 1930s had to be revalidated monthly with a special stamp costing two per cent of their value. This encouraged people to spend the money, not hoard it, and so stimulated local activity at a time of depression.

Money as information

Over the centuries money has evolved from concrete to abstract – from metal bars and coins, to paper notes and cheques, and now to numbers electronically stored in computer files and electronically transmitted between them. The Internet and rechargeable smart cards (or 'electronic purses') will soon be everyday features of the money system.

This transformation of money payments into electronic messages which debit and credit the computerized accounts of payer and payee, reveals money as essentially an information system – a scoring system backing our claims to buy things from one another now and in the future. As this becomes increasingly clear, more and more people around the world may insist that money can and must be made to work for us efficiently and fairly.

The idea that there must be only one kind of money – a single currency that everyone should be compelled to use – may also soon seem archaic. The notion that we must rely on monetary and banking experts, whose arcane knowledge we cannot hope to grasp, to keep money values in line with mysteriously existing numerical realities out there, may increasingly be seen as superstitious and fraudulent.

In practical terms, today's LETS and other local currencies are still 'alternative' and marginal. But they offer a vital model for the future. They provide examples of how we can create people-centred, interest-free money to facilitate exchanges between us, without ceding to others the power to control us and exploit us. ■

James Robertson set up and directed the Inter-Bank Research Organization for the British banks in the 1960s and 1970s. His latest book is *Beyond The Dependency Culture*, (Adamantine Press, 1998). He is an Associate Fellow of the Oxford Centre for Environment, Ethics and Society.

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1 The significance of the money-must-grow imperative was convincingly brought out by Willem Hoogendijk in *The Economic Revolution* (Green Print, 1991). **2** Margrit Kennedy, *Interest and Inflation-Free Money* (Jon Carpenter Publishing, 1995). **3** Jane Jacobs, *Cities and the Wealth of Nations* (Penguin 1986). **4** See *The Times*, London, 19 November 1997. **5** See also Richard Douthwaite, *Short Circuit: Strengthening Local Economies for Security in an Unstable World* (Green Books, 1996). **6** Discussed by Alan Armstrong in *To Restrain The Red Horse: The Urgent Need for Radical Economic Reform* (Towerhouse Publishing, 1996) and Michael Rowbotham in *The Grip of Death: A Study of Modern Money, Debt Slavery and Destructive Economics* (Jon Carpenter, 1998). **7** See John Tomlinson, *Honest Money: A Challenge to Banking* (Helix Editions, 1993).

Off the hook

... how micro-credit and local exchange systems work.

Two small, and complementary, revolutions have been gathering momentum – one in the North, one in the South.

In the Majority World, people too poor to get bank loans have been getting the relatively small sums of money they need to establish themselves in trade via micro-credit schemes. So successful has been the Grameen Bank, set up in Bangladesh in 1993, that the model has been replicated in many countries far from its birthplace. Millions have benefited from the low-interest loans offered by such community banking schemes.

Meanwhile, in the industrialized world, community-based currencies have been stimulating small business and providing employment for people who are increasingly marginalized by the mainstream economy. This experiment, the Local Exchange Trading System (LETS), has also been repeated in many countries far away from its Canadian birthplace.

While micro-credit has helped communities in poorer countries discover they could *lend* themselves their own money, community currencies have helped people in the industrialized world discover they could *issue* themselves their own money.

This is how each system works:

Farida is a mat-maker in a village in Bangladesh. It takes her five days to complete a mat that she sells for the equivalent of two dollars. With this she buys food for the week and, until recently, she used to pay back cash she borrowed for materials from a money-lender. There was no money to spare for emergencies.

One day, someone from the Micro-credit Project came to her home offering her a loan at a fraction of the money-lender's rates and invited her to join the project. She was told that members took collective responsibility for the loans they made, and supported and encouraged each other in the course of repaying them. As repayments were made, the money could be lent to the next person, and so on.

Now, take the case of John, living in a Canadian mill town. The mill where he worked was laying off staff. John's work was cut by half – and so was his paycheck. When he read in the local paper that a new type of barter system with a 'local currency' was being set up, he decided to go along to the first meeting. As he entered the town hall he was asked to list the goods and services that he was able to offer and those he would like to receive. Soon, the blackboard was full and the system explained to him:

'You can cut firewood. Susan, the local potter, needs wood to fire her kiln but you don't want pottery, you want groceries instead. That's where a barter transaction would stop. But it says up on the blackboard that the local grocery store is accepting 20 per cent of a purchase in the local currency on a particular day. So you call Susan and arrange to receive part trade dollars (or LETS dollars) and part national dollars. When she gets her wood, she phones the Local Currency Network office and says 'Hi, this is Susan, my account number is 263. Please credit John 100 trade dollars for providing me with firewood.' You can now take those trade dollars to the grocery store on Tuesdays. Meanwhile the grocer can buy vegetables from a local farmer for part trade dollars, and so on.'

HOWARD DANIEL / PANOS PICTURES

Since 1983, LETS has increased local cash volume, solvency and employment and helped people to meet their needs while building community. It is now active in more than a thousand communities worldwide. Whereas national currency tends to flow out of town, the community currency circulates within the community.

The micro-credit and community currency systems are complementary. John, the underemployed millworker, could benefit from Grameen Bank-style micro-credit to start a new local business. While Farida, if she found that people in her community didn't always have enough money to buy her mats, would benefit from a LETS-type system whereby they could pay her with another good or service she would otherwise need to buy.

by Stephen DeMeulenaere, co-ordinator of Cambio Local en el Mundo en Desarrollo community currency research project, Mexico City. http://web.lets.net/ccd

Currencies of desire

What's wrong with the money system – and what hope for change? **Vanessa Baird** draws a few conclusions.

THE money system as it stands today is remarkably efficient. Remarkably efficient at making the majority of us lose out, that is. Our labour and its value isn't factored into its humming computers. The ciphers that zip across the globe, bringing hardship to the many so that a few fatcats can prosper, are empty of conscience.

But three recent events have shown some chinks in its armour.

The first is a David and Goliath story. Imagine high-powered politicians from the richest countries with reams of statistics and analysis on why a set of international investing rules would make the world a better place. Imagine grassroots activists from various Non-Governmental Organizations around the world, linked via electronic mail, who are convinced it won't.

Who wins? Well, in the case of the routing of the proposed Multilateral Agreement on Investment it was the activists who won the day. They did it by using the Internet to broadcast information instantly, worldwide, and by pooling information that would embarrass their governments. In doing so they broke down the wall of secrecy that traditionally surrounds international negotiations.

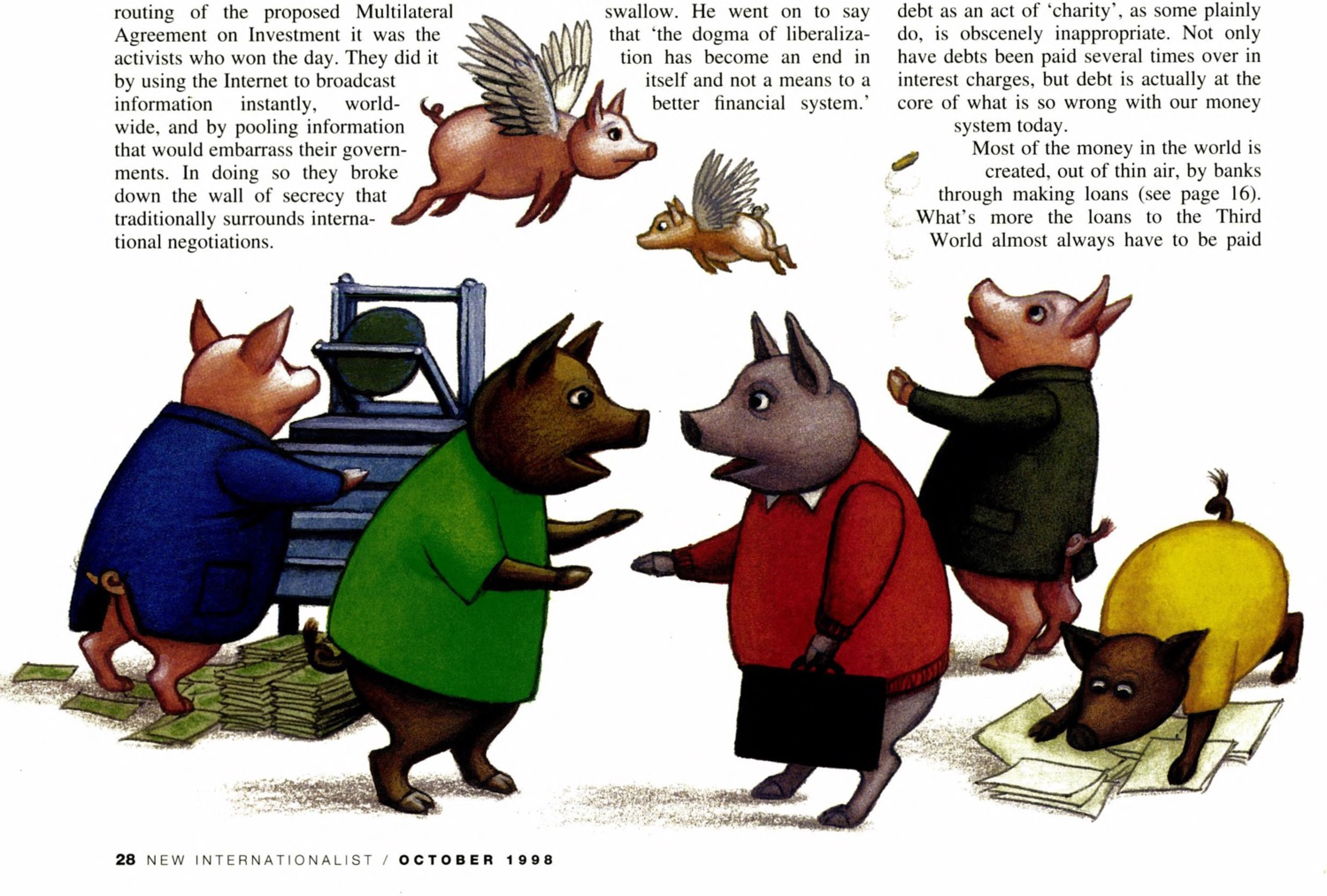
The success of such networking, involving groups like the Penang-based Third World Network, was clear in April this year when ministers from the 29 industrialized (OECD) countries admitted that the global wave of protest had swamped the deal. It is unclear when, if ever, they will try again.

The second glimmer of hope came from a quite unexpected source: the World Bank. It's common for radical economists to denounce the IMF for its socially disastrous structural-adjustment policies in the 'developing' world. But when criticism comes from the Chief Economist of the World Bank it takes one by surprise. First, Joseph Stiglitz expressed his doubts about the IMF rescue package for East Asia. Then he took a swipe at the orthodox view that high interest rates and anti-inflationary policies are the necessary bitter pill that Majority World countries have to swallow. He went on to say that 'the dogma of liberalization has become an end in itself and not a means to a better financial system.' Moreover, deregulation had led to crisis in Thailand and the 'notorious Savings and Loans debacle in the US'.[1] This amounts to heresy in IMF and World Bank terms. But Stiglitz and other critics of the IMF's rescue package for East Asia have been proven right as the affected countries have sunk deeper into recession. It's not much to be hopeful about, but at least someone in the World Bank has got their eyes open.

The third glimmer came in May when the heads of the rich world met at Birmingham, England, for the annual G8 summit and found their conference hall surrounded by a human chain of 50,000 protesters calling for the cancellation of Third World debt. This unprecedented display of solidarity with the world's poorest nations was inspiring, though to date only Norway seems to have taken any positive action.

But to see cancellation of Third World debt as an act of 'charity', as some plainly do, is obscenely inappropriate. Not only have debts been paid several times over in interest charges, but debt is actually at the core of what is so wrong with our money system today.

Most of the money in the world is created, out of thin air, by banks through making loans (see page 16). What's more the loans to the Third World almost always have to be paid



MARK EDWARDS / STILL PICTURES

Banks find many ways of protecting their interests. This one in Mexico City takes a subtle approach.

back or serviced in dollars or other 'hard' currencies. This means that if the currencies of Third World countries take a battering, as they so often do, the cost of their debt rises. Their negotiating position is thus continuously being weakened.

It is impossible to say this loudly enough: the indebted countries owe us nothing.

The consequences of our debt-based money system for the Third World are starvation, ill-health and unemployment. By the end of 1998 half the population of Indonesia is likely to join the millions in sub-Saharan Africa who live below the poverty line.

As long as this system reigns, gross inequality will prevail even if we do decide to cancel Third World debt. As long as commercial banks are given the privilege of creating most of the world's money through making loans, this pattern will go on being replicated, albeit in a milder form, throughout the industrialized countries too.

Bucking the banks

It has to change. Abraham Lincoln knew this already in 1865, the year he produced his potentially groundbreaking Monetary Policy. In it he argued that the Government should create, issue and circulate 'all the currency and credit necessary to satisfy the spending power of the Government and that of consumers'. In this way, he wrote, 'the people will... be furnished with a currency as safe as their government. Democracy will rise superior to the money power.'[2]

Six weeks after making this proposal Lincoln was assassinated. If he had lived and been successful in pushing through his plans, it could have signalled the end of banking and money power in the US. One can only dream about how different the world might be today.

More recently, economist Bryan Gould has argued for much the same idea: 'Why not challenge the virtual monopoly we have allowed the private sector banks to exercise over the creation of credit? Why shouldn't a socially aware and economically responsible government create credit where appropriate in order to ensure... investment is made and at the same time strike a great blow for the democratic control of the economy?'[2]

Of course, 'socially-aware' and 'economically responsible' are key words. And the idea is not for the government to simply take on the role of banker but to become the provider of a stock of money free from debt.

Even if governments produced a larger proportion of the total money, it would buck the current trend. For example, the British Government in 1963 issued 21 per cent of money; today it's a paltry 3 per cent.[2]

The idea of 'social credit', as it is called, was developed in some detail in the 1920s by a certain Major CH Douglas whose theories are enjoying a renaissance among radical and green economists.

In the words of one proponent, Frances Hutchinson: 'Social credit seeks to counter economic globalization by securing control over the institutions of finance by local communities, enabling values other than money values to resurface.'[3]

Social credit challenges the perpetual claim that the things a society needs like good healthcare and education cannot be provided because of 'lack of money'. The current debt-based system of creating money is founded on a false invention of scarcity, which is then reinforced by debt.

But to overturn a system that creates poverty, so that the privileged few can roll in the greenbacks, and replace it with something that places people first will require more than technical solutions. It will require a concerted social struggle to shift the massive concentration of financial wealth and real resources from this privileged minority which also controls the 'creation of money' within the international banking system.

Practical measures

However, there are some practical measures that could be taken to at least protect the most vulnerable in these times of tremendous global financial instability:

◆ Control the international tides of money that flow in and out at the slightest whim by imposing a uniform, foreign currency transaction tax as devised by James Tobin. This would discourage money moving about at high speed for purely speculative purposes while leaving more long-term investment relatively untouched.

◆ Force creditors to bear more of the cost of currency crises. Too often banks lend to raise interest and create money, then expect to be bailed out by public funds if they get into trouble. The IMF has become the rich world's debt-collector.

◆ Shut down tax havens. Keep money where it is generated, to 'protect the local globally,' in the words of environmentalist Colin Hines.

One measure, in isolation, is not enough. What's needed is a new economic framework. And how we create money, how we use it, and how we view it is central to this. Too often we find ourselves enslaved by money and it is used to this end by those who control it. We need to make it work for us, instead of the other way round.

Under the present system, money isn't even a real indicator of value. As Frances Hutchinson has pointed out: 'There is not the slightest reason to connect a strong financial economy with a strong (or sustainable) real economy. Money does not create wealth. Hard work does not create money. High rewards go to tasks with a dubious social value, while essential tasks receive little reward, if they are rewarded at all.'

This has a well-known feminist dimension, especially poignant for women working in the home, bringing up children

RON GILING / PANOS PICTURES

Back to basics: Senegalese villagers use money as it was intended – a useful exchange tool.

or caring for relatives.

So what's to be done? At present banks and financial institutions are unlikely to release their grip on the community's money-power in response to special pleading.

But people are, albeit in a piecemeal way, trying to take control. LETS and other local currency schemes are small but encouraging signs.

The increase in ethical investment is another indication that people are becoming more discerning in requiring that their money is not used to support repressive regimes or harm the environment. This is a start. The next stage is to examine the very basis of banking and investment funds themselves.

Reforming the world's economic system and its money system seems like a massive task, but it affects us all. Nearly all the issues individual NGOs and voluntary organizations are dealing with – be they drugs, homelessness, health, hunger or poverty – are results of the debt money system. Here there is a tremendous potential for political action.[4]

With more cracks showing daily in the edifice of global finance, people are becoming more open to seeking out alternatives. Information and awareness are all-important. So is imagination, if we are to get out of this mess and create the currencies we desire – the simpler, people-centred monies that facilitate life and its transactions instead of entrenching inequalities. ■

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[1] Joe Hanlon, 'The World Bank speech that knocked down every pillar', Electronic Mail and Guardian, Johannesburg, 23 June 1998.
[2] Michael Rowbotham, *The Grip of Death*, Jon Carpenter, Charlbury, 1998.
[3] Frances Hutchinson, *What Everybody Really Wants to Know About Money*, Jon Carpenter, Charlbury, 1998.
[4] See Alan Armstrong, *To Restrain the Red Horse*, Towerhouse Publishing Ltd, Dunoon, 1996.

Action
...on MONEY

AOTEAROA/New Zealand

Auckland Green Dollar Exchange
Box 3813, Auckland.
Tel: 9 3012 24 96.

PLEBS Box 21140, Christchurch.
Tel: 3 366 1992.

Prometheus Trust PO Box 969,
Napier. Tel: 6 835 7128.
Fax: 6 835 1628.
E-mail: prometheus@extra.co.nz
Alternative loan scheme.

Universal Basic Income for New Zealand (UBINZ) Contact:
Ian Ritchie, Private Bag 11 042,
Palmeston North.
Tel/Fax: 6 350 6316.

AUSTRALIA

Australian Ethical Investment Limited Suite 66, Canberra Business Centre, Bradfield St,
Downer, ACT. Tel: 2 6242 1988 or 1800 021 227. Fax: 2 6242 1987.

Social Credit Secretariat
3 Beresford Drive, Draper,
Queensland 4520 or **Social Credit School of Studies** Samford, WA.

Australian Blue Mountain LETS
PO Box 125, Katoomba 2780, NSW.
Tel: 47 826 685. Fax: 47 826 035.
The world's biggest LETS scheme, trading an equivalent US $270,000 locally each year.

WALLETS PO Box 7234, Cloisters Square, Perth, WA 6850.
Tel: 9 327 5924.

BRITAIN

New Economics Foundation
First Floor Vine Court, 112-116
Whitechapel Road, London E1 JE.
Tel: 171 377 5696. Fax: 171 377 5720.
E-mail: neweconomics@gn.apc.org
Campaign and research group.

LETSLink UK Beneficial Foundation,
Quinnell Centre, 2 Kent Street,
Portsmouth PO1 3BS. Tel: 1705 730639. Fax: 1705 730 629.
E-mail: LETS@letslinkuk.demon.co.uk
Website:
http://www.communities.org.uk/lets

Ethical Investment Research Service (EIRIS) 504 Bondway
Business Centre, 71 Bondway,
London SW8 1SQ. Tel: 171 735 1351.
Fax: 171 735 5323.
E-mail: ethics@eiris.win-uk.net

Schumacher Society Foxhole,
Dartington, Totnes, Devon TQ9 6EB.
Tel/Fax: 1803 865051. Publications, briefings, lectures, seminars on green and alternative economics issues.

CANADA

The Committee on Social and Economic Reform (COMER)
3284 Yonge St, Suite 500, Toronto,
Ontario, M4N 3M7. Tel: 416 486 4686. Fax: 416 486 4674.
E-mail: wkrehm@ibm.net Monthly newsletter *Economic Reform*.

Local Currency News EF
Schumacher Society, 140 Jug End
Road, Great Barrington,
Massachusetts 01230, US.
E-mail:
efssociety@aol.com.
Though US-based, this has the best listing of Canadian and South American local currencies.

Economic Justice Report 947
Queen St East, Suite 208, Toronto
M4M 1J9. Tel: 416 462 1613.
Fax: 416 463 5569.

Canadian Community Reinvestment Coalition
E-mail: ccrcnews@web.net
Advocates bank accountability and community reinvestment legislation.

IRELAND

Irish LetsLink, 20 Beechwood,
Bambridge, County Downe BT32
3YL. Tel: 18206 23834

US

Economic Affairs Bureau
1 Summer Street, Somerville, MA
02143. Tel: 617 628 8411.
E-mail:dollars@igc.apc.org Publishes *Dollars and Sense* magazine bi-monthly.

Local Currency News EF
Schumacher Society, 140
Jug End Road, Great Barrington,
Massachusetts 01230.
E-mail: efssociety@aol.com.
For full listing of US currencies.

Grassroots Economic Organizing (GEO) RR1, Box 124a, Stillwater,
Pa 17878. Tel: 800 240 9721.
Clearinghouse for whole range of economic initiatives.

INTERNATIONAL

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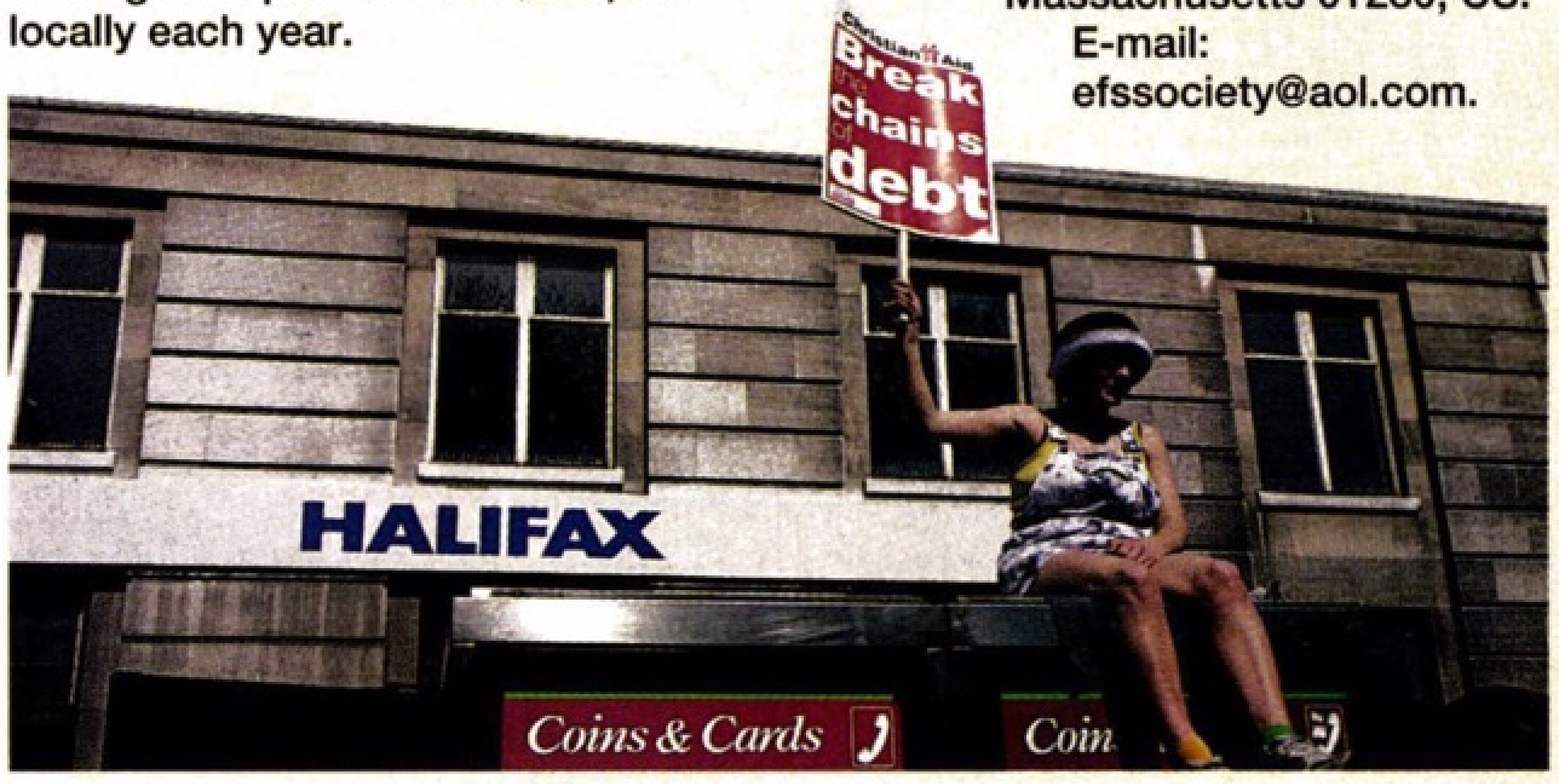
Fax: (+60) 4 368 106. Features service and active networking.

The Other Economic Summit (TOES) 777 UN Plaza, STE 3C, New
York, NY 10017. Tel: (+1) 212 972 9877. Fax: (+1) 212 972 9877.
Contacts for groups around the world.

Kairos Europa Hegenichstrasse
22, 19124 Heidelberg, Germany.
Fax: (+49) 6221 781183. Main European movement pressing for economic renewal.

The Social Credit Secratariat
16 Forth St, Edinburgh, Scotland,
EH1 3LH. Provides guidance and publishes *The Social Crediter*.



Worth reading

By far the most eloquent and entertaining recent book on the theme of money is *Frozen Desire* by James Buchan (Picador, London, 1997). It's principally cultural, though. For a radical, shocking and eye-opening exposé of how our money system really works read Michael Rowbotham's *The Grip of Death: a study of modern money, debt slavery and destructive economics* (Jon Carpenter, Charlbury, 1998). He's also a clear and passionate writer. Frances Hutchinson, *What Everybody Really Wants to Know About Money* (Jon Carpenter, Charlbury, 1998) is inspired by the idea of social credit, as is Alan Armstrong's *To Restrain the Red Horse: the urgent need for radical economic reform* (Towerhouse, Dunoon, 1996). Both are thoughtful, inspiring and perfectly accessible to the layperson. James Robertson is a writer and thinker to look out for and *Future Wealth* (Cassell, London, 1989) is one of his best. His recent *Transforming Economic Life: A Millennial Challenge* (Green Books, 1998) is also useful. Dorothy Rowe's vivid and highly readable *The Real Meaning of Money* (HarperCollins,1997) tackles money from a psychologist's perspective, while William Bloom's *Money, Heart and Mind* (Penguin Arkana, 1995) takes a more spiritual approach. And the beautifully illustrated *Money: A History* edited by Jonathan Williams (British Museum Press, 1997) is both authoritative and refreshingly global in its reach. For an inside view, *Soros on Soros* by George Soros (Wiley, 1995) makes fascinating reading. The maverick speculator-cum-philanthropist is as thoughtful as he is unpredictable. However, the absolute classics on the theme remain JK Galbraith's excellent: *Money* (Bantam, New York, 1976) and Georg Simmel's seminal *The Philosophy of Money* (1907, Routledge, London, 1990 reprint). Both are still well worth reading.

The **NI** Interview

Salima Ghezali

Nikki van der Gaag speaks to a prominent Algerian feminist whose courageous journalism keeps her in almost constant danger

Brave woman: despite numerous threats to her life Salima Ghezali continues to speak out .

NIKKI VAN DER GAGG

SALIMA GHEZALI is a brave woman. In a country where more than 60 journalists and media workers have been killed since 1993 – the highest number anywhere in the world – she is editor of *La Nation,* the leading Algerian French-language newspaper, now banned for more than 18 months for refusing to comply with Government censorship.

Born in Bouira, Algeria in 1958, Ghezali obtained a literature degree and worked as a high-school teacher. In the 1980s she played a leading role in the Algerian feminist movement. In November 1994, she became Algeria's only woman newspaper editor when she and a group of journalists took over the 40,000-circulation weekly *La Nation*. Today, she writes, campaigns and travels the world to plead the cause of peace.

A small, vibrant, dark-haired woman, she uses her hands a lot to express her thoughts. She explains with amusement how, as a woman, she got her job as editor partly because it was no longer seen as desirable.

Since January 1992, when the military interrupted Algeria's first democratic parliamentary elections and banned the likely winner, the Islamic Salvation Party (FIS), editing a newspaper has become a risky occupation. Journalists are not immune from the violence in which at least 80,000 people have been killed, by extremists, by security forces and by militias and other armed groups.

Salima Ghezali is quite clear that all sides are to blame, but that it was the Government which in 1992, 'made a clear choice for violence as a tool to control society'.

'Now,' says Ghezali, 'the Government doesn't know any other way to rule, and too many people are implicated in the violence or too frightened to speak out.'

Ghezali speaks with the passion of experience yet gives her analysis in the measured tones of a journalist:

'When the war first began in 1992, I was afraid. We were paralyzed by fear. But then you learn to face that fear, to live with it, to integrate it into your life.

'There is despair in Algeria today. There is the physical violence that you see in the media and then there is economic violence. We have poverty that Algeria has not seen since independence in 1962. And people feel very powerless. The political process now means nothing.'

> ***When the war first began in 1992, I was afraid. We were paralyzed by fear. But then you learn to face that fear, to live with it, to integrate it into your life.***

Maintaining independence and speaking the truth is no easy road for an Algerian. *La Nation* had been suspended a number of times before it was finally banned. It demonstrated a rare impartiality by printing material by opposition members. For Ghezali, such even-handedness led to death-threats and a life on the road. She has spent the last four years never knowing where she will sleep the next night. A divorced mother of two teenage daughters, she explains softly how she has been separated from them. A shadow of sorrow crosses her face.

'Everyone is affected,' she points out: 'It is a crisis at all layers of society; economic, social and political, from the rulers to the ruled.' She opens her arms wide to encompass all her country's people.

I ask whether she sees any solutions.

'In January 1995 the many opposition groups in Algeria – including the FIS, the National Liberation Front (FLN) and the Socialist Forces (FFS) – met in Rome and together worked out a very concrete plan. It was called the Sant Egidio Declaration (also referred to as the Rome Platform) and it had a 14-point charter which included a commission of enquiry into human-rights abuses, an end to the violence and respect for human rights. But the Government saw this as a threat and rejected it out of hand and we did not have the support from outside that we needed.'

And now?

'Now we need the world's governments to condemn the political violence. Without this those inside the country can do nothing. We are bound hand and foot.' She makes a gesture as if throwing a rope around her body; the body of Algeria.

I ask her about the daily, brutal violence – the stories of rapes and massacres that come out of Algeria. She gives a wry smile and leans forward.

'You see, this is the first time that the Government has had an interest in promoting images of terror. If you think of other conflicts – Chile for example – the Government there wanted to prevent the world seeing the atrocities. But here, the Government blames everything on 'Islamic extremists' so the more the world sees the horrors, the more it shores up the Government's position. And it is difficult to show any other picture when the media is censored or banned.

'Of course there are extremists – there are in any society. But it is not Islam itself which is at fault – there are many shades of Islam and it is a minority who have been causing the problems. It was the Government that decided against democracy; that made a political choice in favour of war.'

But Ghezali is clear that by blaming the Government she is not letting anyone else off the hook. And she notes that such massacres, horrific as they are, are not exclusive to Algeria:

'A French newspaper began a recent article with a description of murdered children and raped women... it seemed as though it was Algeria until the writer told you that it was Greece in the Second World War.

'It sounds awful to say it, but it made me feel better. Such crimes are committed wherever there is war, particularly civil war. It is not just Algerians who do these dreadful things.'

Her dark eyes are sombre, remembering.

'When you see so much death you just hope with all your soul that it will not happen to you – and you go on. There are moments when I feel I will not be able to survive for one more second, and then the moment passes, and I feel strong again. ■

Reviews

film

Life on a dump named 'Dallas'.

Wasteland

directed by **Andrei Schwartz**

(Wüste Filmproduktion, Hamburg)

In recent years a new documentary genre has emerged. Its creators share a worldwide subject-matter. The men, women, and children in these films live on, and make their livelihood from, the garbage dump.

Wasteland is meticulously structured. Beautifully edited scenes, stitched seamlessly with a minimal, well-written commentary, hang together like gems on a string. But it's the tone that is most striking. Everything in **Wasteland** drips with irony. One woman who has lived at the dump for years complains that too many people are moving in. 'All I get are leftovers,' she says. Right from the opening scene we hear that this stinking mountain of waste, outside the Romanian city of Cluj and inhabited by a Rom or Gypsy community, is called 'Dallas'.

The people of Dallas work at the modern occupation of recycling. Their goal is to separate the valuable materials, such as metal, paper, and plastic from the vegetable and animal offal destined to rot as compost. Children run, fight, and work everywhere on the site. They are often the first to leap onto arriving trucks, raking, dragging, and picking the best materials before others can wade in. Some of the best fun comes from chasing the rats. They also work at night. Amazingly, families make a living at this, reselling their day's salvage to local scrap dealers. But, they worry, will the local authorities arrive some day with eviction notices and bulldozers to run them out?

Most of the children attend school, a real achievement for squatter and refugee children anywhere. The best moments in the film show the lives of these children. Scenes of bathing in preparation for school or singing a wonderfully childish song with their teacher, only underline the wretched details of their other lives. The Romanian-born Schwartz introduces himself in voice-over as a journalist. In this role he mixes a familiar batch of documentary conventions. At times he aggressively pushes his camera into a scene to influence its outcome, but he quickly retreats from any sentimental or pathetic effects. If anything, **Wasteland** treads precariously close to a cool detachment and the irony of the term Dallas gets stretched to uncomfortable lengths.

'Why do they call this place "Dallas?"' Schwartz asks a young woman. 'I think,' she replies, 'it's because all the relatives play a part here, like in the movie.' Such naivety about the full irony of the word almost turns to a joke at her expense. Perhaps our discomfort is what Schwartz is striving for.

We might call this muckraking journalism – literally – a form of inquiry that has always stirred up trouble and controversy. And in that tradition **Wasteland** walks a fine line between pathos and respect for the human spirit. Does the film leave us simply depressed that people have to live like this? Or will the fragments of joy and struggle that we see on-screen, even in Dallas, prompt us to act for social change?

Politics ☆☆☆
Entertainment ☆☆☆ PS

books

Under the Dragon: Travels in a Betrayed Land

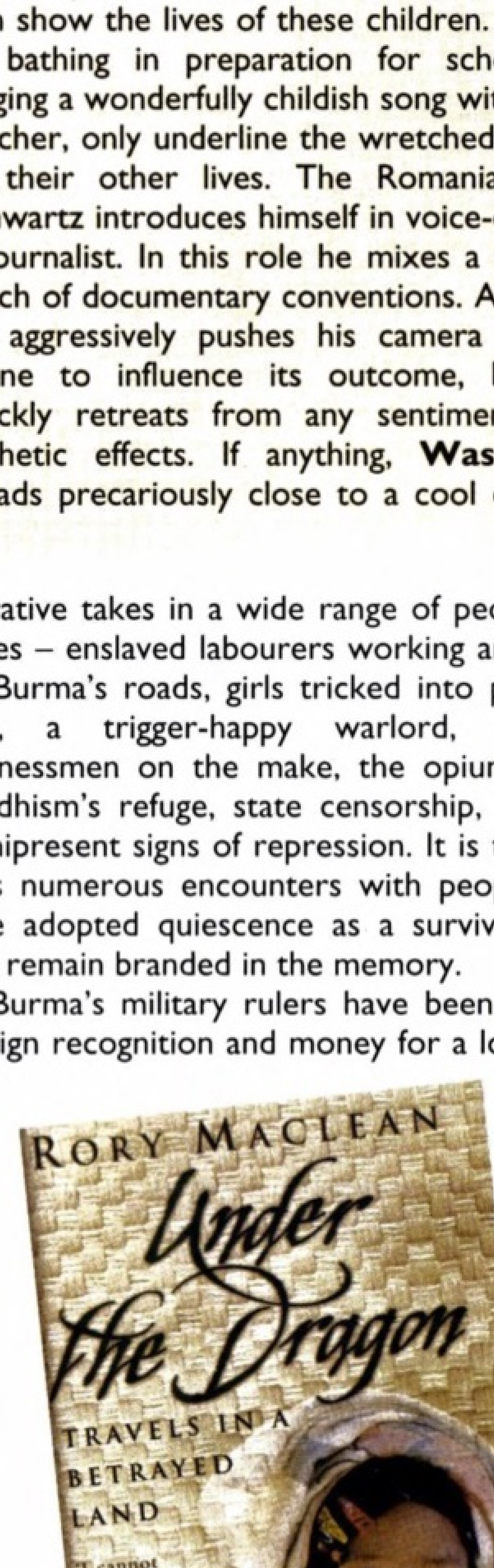
by **Rory MacLean**

(HarperCollins ISBN 0 00 257013 0)

Ten years on from the brutal massacres that crushed the Burmese pro-democracy uprising, comes this alert and well-informed account of travels in a land gripped tight in the claws of the military. It is a travelogue insofar as the author and his partner trek to some of the more inaccessible parts of Burma, and there are regular awe-struck generalizations about 'the Burmese people'. But it is also much, much more.

MacLean's empathy for the suffering of the people he meets is enhanced by unobtrusive research and his sharp eye for telling details. He makes palpable the fear felt by ordinary people, a fear which makes them spout pro-government slogans in public and furtively enquire after Aung San Suu Kyi in private. The narrative takes in a wide range of people and issues – enslaved labourers working and dying on Burma's roads, girls tricked into prostitution, a trigger-happy warlord, Chinese businessmen on the make, the opium trade, Buddhism's refuge, state censorship, and the omnipresent signs of repression. It is the couple's numerous encounters with people who have adopted quiescence as a survival tactic that remain branded in the memory.

Burma's military rulers have been wooing foreign recognition and money for a long time – last year they even changed their name, prompted by American PR consultants, from the forbidding State Law and Order Restoration Council to the more tranquil-sounding State Peace and Development Council. And MacLean comes across several Western tourists who choose to remain ignorant of the fear and despair that surrounds them. The book is his attempt to 'redress the balance' and it's a gripping read, weaving the stories of four women – some fictional – into the account. Here I sometimes felt uneasy: the evocations of intimacy seemed dangerously close to crossing the boundary from empathy to voyeurism. Nonetheless this is an important book, and if you haven't paid much attention to Burma recently, an essential book.


Rory MacLean
Under the Dragon
Travels in a Betrayed Land
'I cannot imagine a better book on the beauty and the terror of Burma'
Fergal Keane

Politics ☆☆☆☆
Entertainment ☆☆☆☆ DG

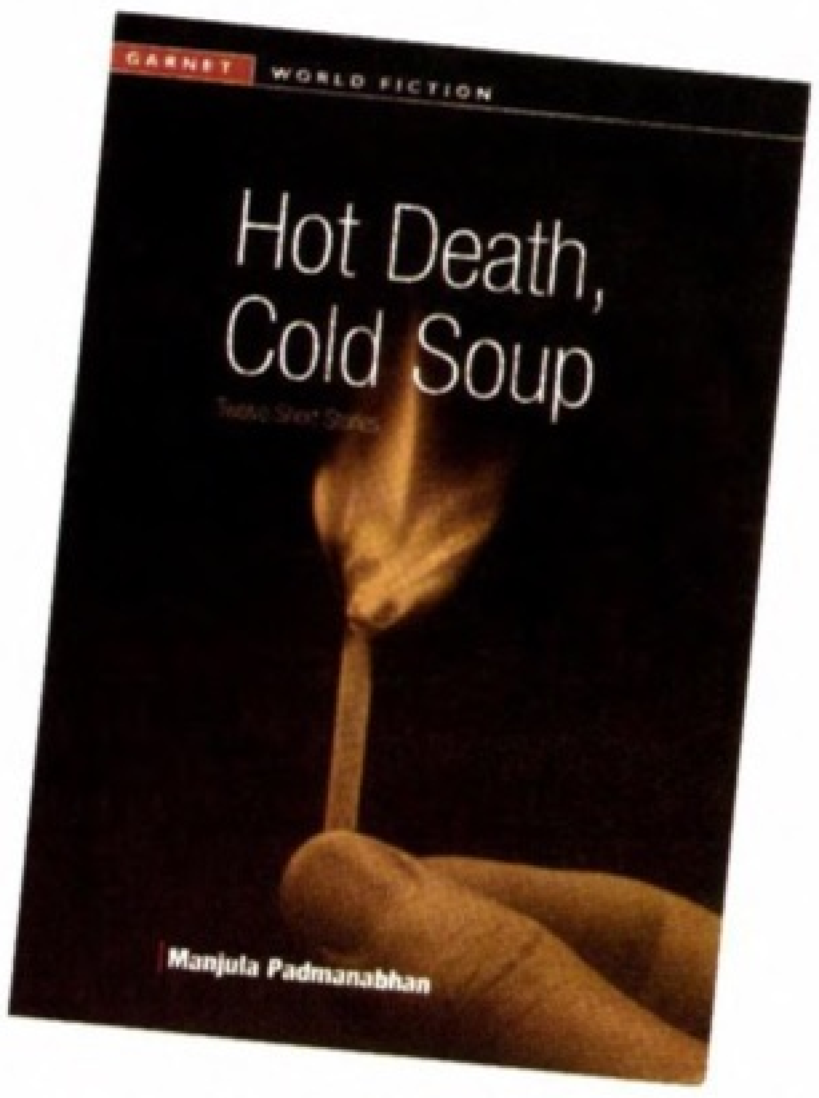
Hot Death, Cold Soup

by **Manjula Padmanabhan**

(Garnet, ISBN 1-85964-111-3)

What curious stories Manjula Padmanabhan's mind brews up – unafraid to grapple with big issues, they prickle and tease long after the last page has been turned. There's the odd damp squib, like the title tale, a laboured attempt at Indian Gothic, belonging clearly to the thesaurus school of fiction. Or the story about a groper on public transport which doesn't really go anywhere. But then there are stories like 'Stains' which chew happily on themes of exile, tradition, racism, female rivalry and communication problems within relationships, all riding on the central theme of a woman coming to terms with her menstrual pulse. Impossibly, and within the space of a mere 20 pages, these issues crystallize in the foreground of the story without it toppling over. The India she writes about presents itself as it is, without heat-and-dust mystique.

If there's one thing Padmanabhan is partial to, it's a good twist at the end, and the ingenuity of some of these stories is breathtaking. Her narrative about dowry murder – a much-abused issue in Indian fiction – avoids the pitfalls of stating the obvious and throws all its energies into a rush of events that lead quite naturally to an unexpected and very satisfying conclusion. The sci-fi tale, 'Stolen Hours', has as it's protagonist an unlovely adolescent prodigy with dangerous intentions. As the tale proceeds one is torn between hoping that he won't succeed and that somehow he will. Both things come to pass without contradiction.



NI readers who've read her contributions in **NI 269** and **NI 293** will know that Padmanabhan's curiosity is vast. Each story runs down a completely different alleyway and she skips genres without a care in the world. A recurrent feature, however, is the centrality of the body, its functions and betrayals, above all its connectedness to the mind. The concluding tale, 'The Annexe', which deals explicitly with this connectedenss is astonishing in its intellectual daring, even though marred by a prim take on lesbian sex. It's an interior odyssey, a fantasy that makes ideas of self and its distinctiveness tangible, like Lego bricks the reader can shape and reshape. A mixed bag then, but the ones that work are stunners.

Politics ☆☆☆
Entertainment ☆☆☆☆ DG

THE CLASSIC

Hyenas

...being an African filmmaker's allegory of international aid.

Djibril Diop Mambety, the Senegalese director who died in July this year, was African cinema's greatest maverick. He made only two full length films and a handful of shorts in his lifetime. But both *Touki Bouki*, made in 1973 when he was just 27, and **Hyenas**, released 19 years later, are classics of a kind too rarely seen in Africa or any other continent.

Mambety and his films meant a lot to me. I had the good fortune to meet him twice and there's no doubt, in my mind at least, that he was a visionary. He had the capacity to invest his films with a remarkable, dreamlike intensity: a visual sense shared by a few other African filmmakers, though rarely with the same modernist – or even post-modernist – sensibility.

He was vividly independent in spirit and his films seemed to say more about the tortured nature of post colonial relations and what it feels like to be born brilliant, poor and questing, in modern Africa, than any number of more overtly ideological social realist films.

Mambety's youth was marked by a taste for the unconventional. His father was an imam and had things gone differently he'd probably have taken his place among the ranks of the country's ruling elite. As it was, he left school at 16, exasperated by the colonial education system, becoming in time an actor and director with Senegal's national theatre and a self-taught filmmaker.

In **Hyenas** he transposed Swiss dramatist Friedrich Durenmatt's parable about greed and corruption, *The Visit*, to an indeterminate West African desert state. It's a beautiful, ultimately morbid allegory, yielding intriguing insights into the nature of the relationship between colonialism, multinationals and international donor systems. The director lays down some of these analogies from the earliest scenes in which the inhabitants of a sleepy town, Colobane wait for the arrival of Linguere Ramatou – an elderly woman last seen in the town when her neighbours banished her some 50 years earlier as a pregnant 16 year old. Her former lover Draman Drameh waits more anxiously than most. As the owner of the town's only grocery store he's held in high esteem by his neighbours and is a decidedly benign presence. It's hard to believe then that as a young man he disowned Ramatou and bribed two men to admit to having slept with her.

Cast out on her own, Ramatou was forced to become a prostitute. Against the odds however, the years have brought her an extraordinary fortune. Richer now than the World Bank, she returns to Colobane wreathed in black silk robes and equipped with an entourage complete with impassive butler (the director himself) and a Japanese, Chanel-wearing personal assistant. Drawing up in one of her Rolls Royces, she totters on solid gold crutches onto the golden desert sands and greets her well-wishers.

Ramatou stands like an angel of destruction at the top of the town's walls. With her unlimited sources of capital she symbolizes, on the one hand, the ruthlessness of an invading economic and cultural power system, and on the other, the African continent's immense capacity for victimhood. She draws on both sides of her nature when she calls a town meeting to announce that she will bestow riches beyond imagining on Colobane if its people agree to kill the hapless Drameh for her. Appalled at first, they quickly close ranks around him. But, responding to Ramatou's steady stream of free consumer goods and organized festivities, they soon change allegiances.

Hyenas buzzes with parallels between Ramatou's bribes and the conditions the World Bank and the IMF routinely attach to aid giving; their standard requirement that the recipient countries prepare the way for free trade and democratic government. At the end of the film when a silent crowd converges on Drameh, leaving only scraps of his clothing behind on the desert sands, his murder signals the triumph of the dark side of self-interest and the grotesque distortion of the democratic consensus into mob rule.

Mambety doesn't lay all the blame of Africa's crisis on foreign donors, though. Before Ramatou's appearance Colobane's citizens are strikingly apathetic and after the deed is done, Mambety inserts an epilogue – a bulldozer razing the town to the ground – to illustrate how the people's failure to capitalize on their benefactors deliberately short-term donations has resulted in further tragedy.

The picture Mambety draws of Africa isn't uniformly bleak. For all its pessimism, **Hyenas** is shot through with an ironic warmth towards its characters and with a genuine awe for its landscapes. There are moments, for example when the town's people first receive their gifts or when Ramatou drives into the desert's heart, technology flashing in her wake, that the audience gets to share in the people's delight in their material possessions. Mambety thus gives a glimpse of what an Africa secure, if only briefly, in its own sense of plenitude, might be like. ■

Esi Eshun

Reviews

The Rough Guide to Cajun and Zydeco

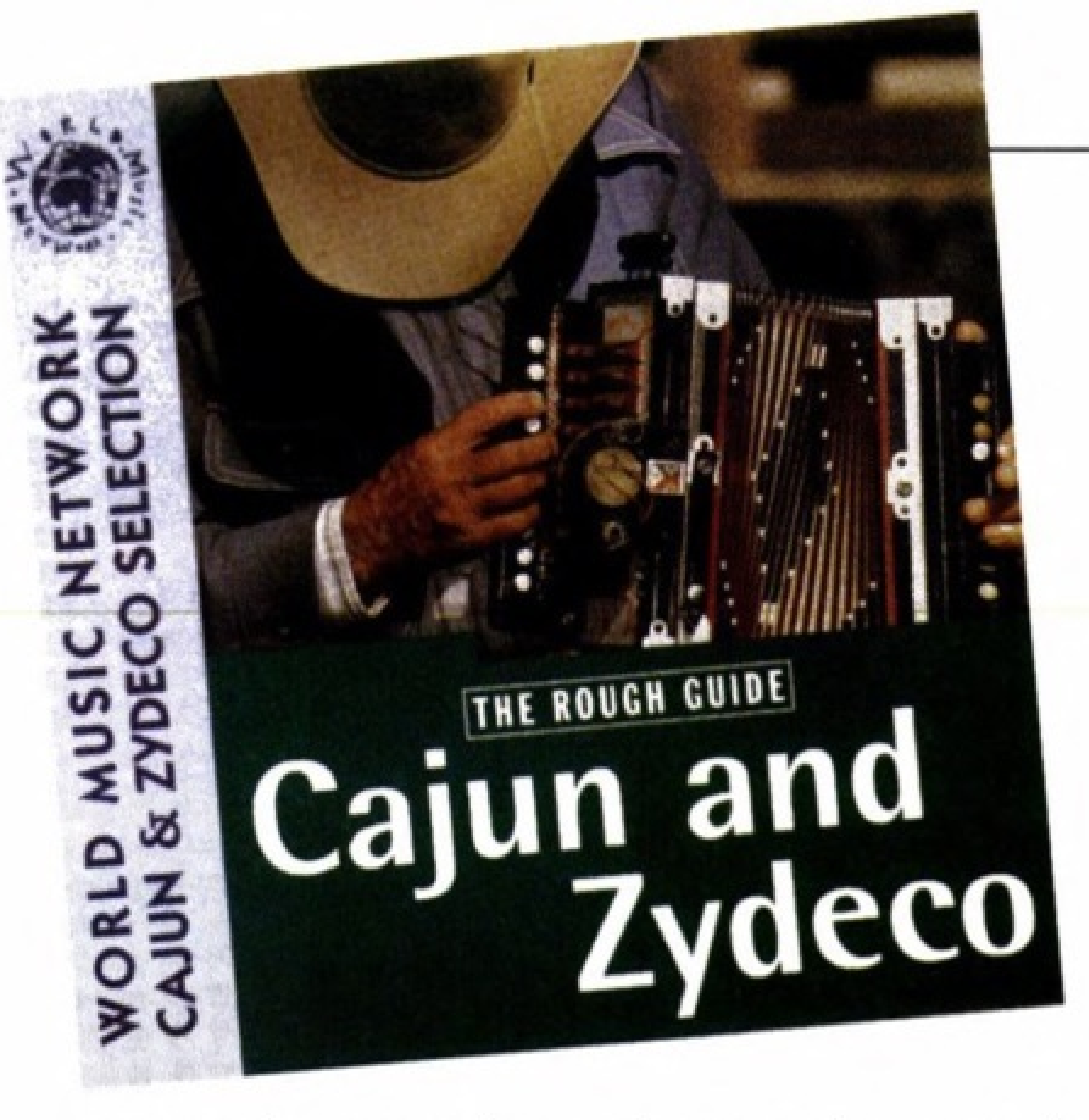
by **Various**

(World Music Network RGNET 1028 CD)

The Very Best of Beausoleil

by **Beausoleil**

(Nascente NSC DP24)



Pull the indigenous music of the state of Louisiana apart and what do you get? A bit of 12-bar blues, a bit of jazz, certainly a lot of French-language lyrics: in other words, a musical meltdown that's as mixed and heated as New Orleans gumbo. Cajun and zydeco are as inseparable from each other as they are from their own history. Zydeco is just a blacker, more blues-orientated version of Cajun, which itself sprang from French settlers around the sleepy stretches of the Mississippi. As the accordions and fiddles wind themselves up, one quickly realizes that these are enduring dance tunes that have lasted generations. They are not, however, impervious to change, each tune marinaded in sly twists and turns. Neither slow, like their musical cousins from the Appalachians, nor indulging at the breakneck speeds that characterize some of the wilder excesses of country influenced rock, Cajun and zydeco just wind their imperturbable ways onwards.

Of these two albums, the **Rough Guide**'s 19-tracker offers a pretty comprehensive approach to the subject, featuring artists like zydeco king Clifton Chenier, Eddie Lejeune, Buckwheat Zydeco and Michael Doucet. The latter is the fiddler behind the band Beausoleil and one of the prime movers in the resurgence of modern Cajun. One of the most striking songs comes from another Doucet, guitarist and singer David, whose 'Balfa Waltz' is a slower number of great precision and power.

Politics ☆☆☆
Entertainment ☆☆☆

Compiled from recordings originally made over the past 25 years, **Beausoleil** incorporates elements not just from zydeco, but country and electric folk too. It includes tracks like 'Zydeco Gris-Gris'(the spirited opener to the film, The Big Easy) and the melancholic strains of 'Sur le Pont de Lyon' . With guest performances from new country vocalist Mary Chapin Carpenter and Britain's giant among guitarists, Richard Thompson, there's a sense of a music striving to make connections with its wider roots.

Politics ☆☆☆
Entertainment ☆☆☆ LG

STAR RATING	
Excellent	☆☆☆☆☆
Very good	☆☆☆☆
Good	☆☆☆
Fair	☆☆
Poor	☆

Reviewers:
Louise Gray,
Dinyar Godrej,
Peter Steven.
Reviews editor:
Vanessa Baird

The NI Crossword

No. 26 by **Axe**

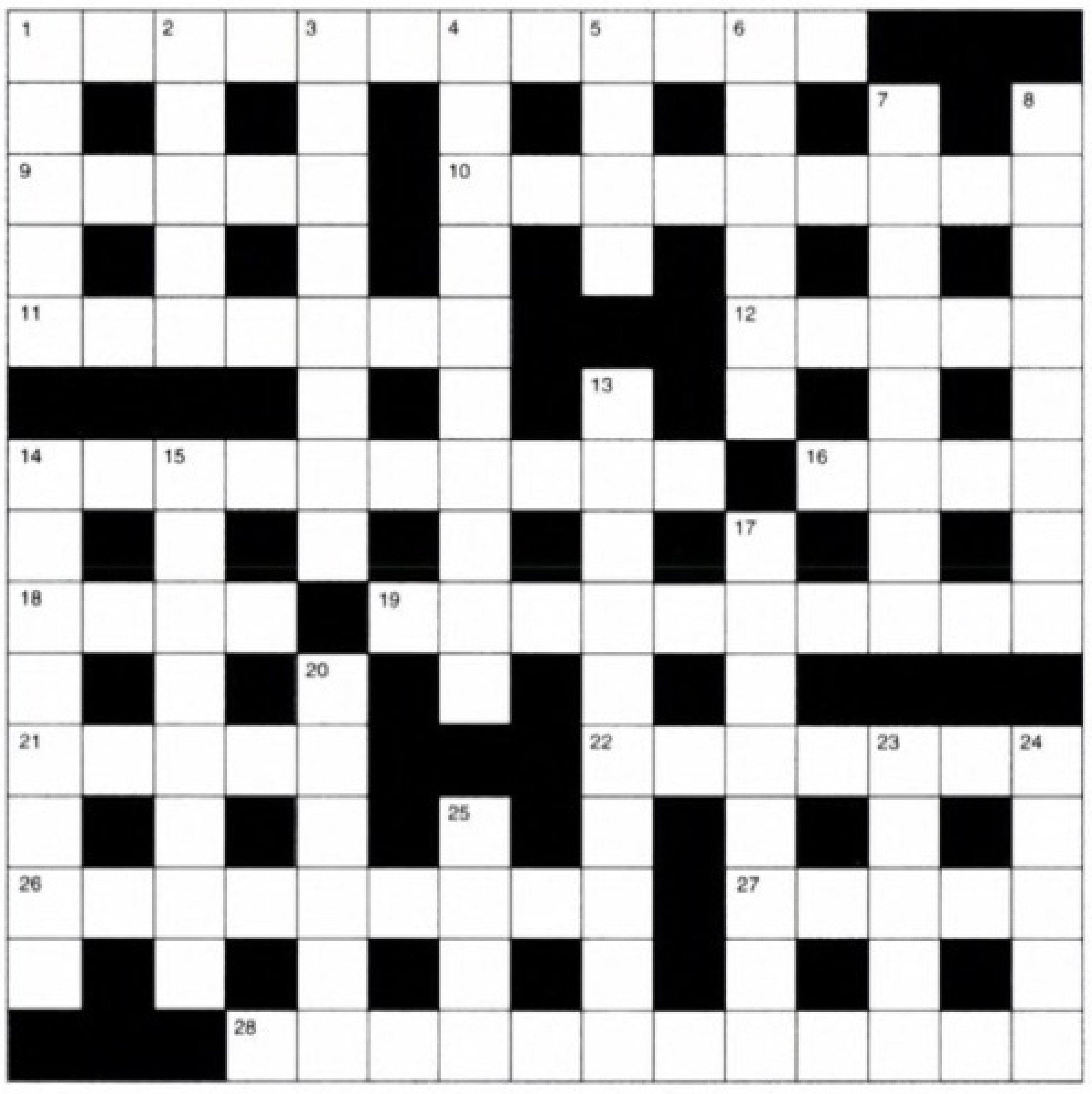
CRYPTIC

Across

1 New Internationalist has no power after revising French article, or current impact (2,4,6)
9 Primate, in short, is Greek – letter from politician in support (5)
10 Ob, natural alternative, supplies the city of the Steppes (4,5)
11 Medieval costume is one of a pair (7)
12 Handel's off-key! (5)
14 Closer to the coast on 23 or 27... (10)
16 ...channel not for the ship of the desert! (4)
18 Staple of meso-Yaqui consumption (4)
19 Ladies in chains long ago featured in church rituals (10)
21 A joint-master of the pueblo (5)
22 Caribbean island is imaginatively adorned (7)
26 Woman of promiscuity is converted – he managed to hide from his followers! (9)
27 River is ticket to America (5)
28 Doom in the royal set-up after the last two are deposed. One thing leads to another (6,6)

Down

1 Spanish hero left in game retreat (2,3)
2 Indian feminist, in row over article, is within for all to see (5)
3 Himalayan plane crash terrible responsibility of bishop (8)
4 Belt that just goes round the middle region! (10)
5 Female has negligé in English material (4)
6 Is California en bloc backing caucuses? (6)
7 Sid, initially, but mistakenly, capitalized salt initiative (4,4)
8 Get up groggily on Sunday and set off in old merchantmen (8)
13 Original gravity placed on Italian Red is swept under the carpet in Brazil! (4,6)
14 Prime Minister of Middle Eastern state I'd skirted on the way back (8)
15 Tree bridges opening of harbour in Southern England (8)
17 Communist dump in Middle England... (8)
20 ...and communist base in Laos, without the Pole, from Texas (6)
23 Amazon tributary flows back through the gorge, north-eastwards (5)
24 Proof of gold quality: sound – what a surprise! (5)
25 First in the family to return is Shiva's wife (4)



Last month's solution

	A	A	R	D	V	A	R	K		B	E	N	U	E
I		M		A		N		O		R		A		L
S	U	M	A	T	R	A		P	R	U	S	S	I	A
A		A		E		T		E		N		H		P
M	A	N	U	L		O	A	K	L	E	A	V	E	S
B				I		L		S		L		I		
A	L	F	O	N	S	I	N				O	L	A	F
R		I		E		A		A		M		L		U
D	O	L	E				E	N	G	I	N	E	E	R
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A		I		A		O		A		A		C		A
K	I	N	G	D	O	M		T	E	L	F	O	R	D
H		O		E		A		E		E		T		E
A	P	S	E	S		S	A	R	A	S	O	T	A	

QUICK

Across

1 Specific climatological influence of the ocean, so named because of its coming traditionally at Christmastime (2,4,6)
9 Pan Troglodytes – the mammal in diminuitive (5)
10 Capital of Mongolia (4,5)
11 Traditional European male garment, usually worn over hose, between 14th and 17th Centuries (7)
12 Movement in music – broad and slow (5)
14 On the river, between here and the sea (10)
16 Arabian word equating to arroyo (4)
18 Bean or sauce (4)
19 Women holding municipal office (10)
21 Mesa adobes thought to be the longest continuous settlement in the US (since 1075) (5)
22 The third island of Antigua and Barbuda (7)
26 Adherents of the Reformation (9)
27 Spanish river – the Tajo in Portugal (5)
28 Political postulation that one event may set in train a series of similar events (6,6)

Down

1 Rodrigo Diaz de Vivar – 12th Century mercenary who captured Valencia in 1194 (2,3)
2 Feminist and poet, president of the Indian National Congress in 1925 (5)
3 Relating to a Himalayan kingdom (8)
4 Climate extending between approximately 15 degrees North and 5 degrees South (10)
5 Plant, and fibre for linen (4)
6 Political cliques (6)
7 Lucasized Strategic Defense Initiative! (4,4)
8 Merchant ships of Aegean antiquity (8)
13 Heavily-forested region of Brazil – watershed of the Amazon and Plate river systems (4,6)
14 British Prime Minister, 1868; 1874-80 (8)
15 Fishing and ferry port of England's south coast – popularized as a resort by George III (8)
17 Industrial English Midlands town – a New Town satellite of Birmingham (8)
20 Border town on the Rio Grande between Mexico and Texas (6)
23 River rising in Colombia, flowing 2,255 km to join the Amazon near Manaus (5)
24 Put to the proof – especially of precious metals (5)
25 Cult name of Dirga, Hindu goddess of death (4)

Rebuilding dreams

The massacre, on 22 December last year, of villagers in Acteal, in the southern Mexican state of Chiapas, is only the most notorious event so far in an undeclared 'medium-intensity war' against supporters of the 1994 Zapatista uprising. **Maria Walsh** responded to the call for international solidarity and went to observe.

'How are your hands?' I hold them out for inspection.

'Only two blisters today!' I laugh.

My hands are not the problem – it's the muscles in my back, arms and shoulders. My second day in the Zapatista community of Diez de Abril ('Tenth of April') and I have just finished a six-hour stint hoeing weeds in the corn fields. I have responded, like many others, to a call from communities like Diez de Abril for International Peace Observers.

Four hours after I arrive I am needed. Major troop movements have been reported on the main road. Diez de Abril is on red alert. The army has entered this community twice this year already, stealing food, burning houses, firing tear gas at women and children, destroying crops, arresting people. Everyone mobilizes quickly and calmly. I am bundled off to a prearranged location where I can observe but not be observed. We are given the all-clear after two hours. They are not coming in – this time.

Only two years old, Diez de Abril is one of many villages built on land previously owned by ranchers. 'We do not say that we are squatting this land. It is ours. It was stolen from us many years before and now we are taking it back,' says one representative. A thousand Zapatista 'communities in resistance' have organized themselves into 32 regional autonomous municipalities. On their doorsteps are 73,000 federal soldiers and countless paramilitary groups waiting for instructions to destroy them.

The next morning I walk with José and Maria along the path to the cornfields. A second low-flying army helicopter passes overhead. I am the only one to look up. José tells me that the lives of indigenous people mean nothing to the Government: 'They think we are animals and that we eat animal food.' Everyone is in the cornfields today, frantically hoeing and replanting maize, beans and chillies. Last night there was rain. El Niño has had a devastating effect on Chiapas: drought has made the first crops fail; thousands of forest fires rage around us in the mountains; smoke obscures the sun.

On days when I'm not in the cornfields I'm usually sat outside the Casa Grande ('Big House') noting down the number of helicopters flying past, watching the children play, the women chop firewood. One day we walk together down to the river to collect water. With a 20-gallon can on my shoulder my progress back up the hill again is painfully slow. Ana has a baby strapped to her back as well. She constantly waits for me to catch up.

When we return, Juan is standing at the entrance to the Casa Grande. From the look on his face I know something is wrong. 'There's been another massacre in the northern zone,' he says. His three-year-old daughter is clinging to his legs, unable to understand. She looks at me, but there are none of the usual smiles. The army has moved in to dismantle San Juan de la Libertad. It is the third autonomous municipality to be destroyed in two months.

On the village TV, the Government is broadcasting images of soldiers storming El Bosque, Union Progreso, Chavajeval. They don't show Obregon, where the community has blocked the road and the army has turned around and left. President Zedillo denies the existence of what people in Mexico are now terming the 'medium-intensity war' against the Zapatista communities.

'Lies!' spits Juan.

Eight Zapatista supporters are dead. Their naked, mutilated bodies are returned to their communities four days later. Twenty people are still missing.

That night I watch as the community tries to come to terms with what has happened. At the emergency meeting in the church the rage and grief are on the surface. The long and tense meeting ends with everyone deciding to split into three groups for communal work projects the next day. Two bridges need to be mended and a new church is being built. The army might be about to destroy what these people have created from their dreams, but they are going to carry on building it.

That next day is my last. I help fix the rope bridge that spans one of the rivers. Saying goodbye is very hard. My hand is shaken many times. 'Will you come back?' asks Maria. I say 'Yes'. In six months' time Diez de Abril may no longer be in the same place. But the spirit and dreams of these people will not be extinguished by mere tanks and guns. Of that I am quite sure. ■

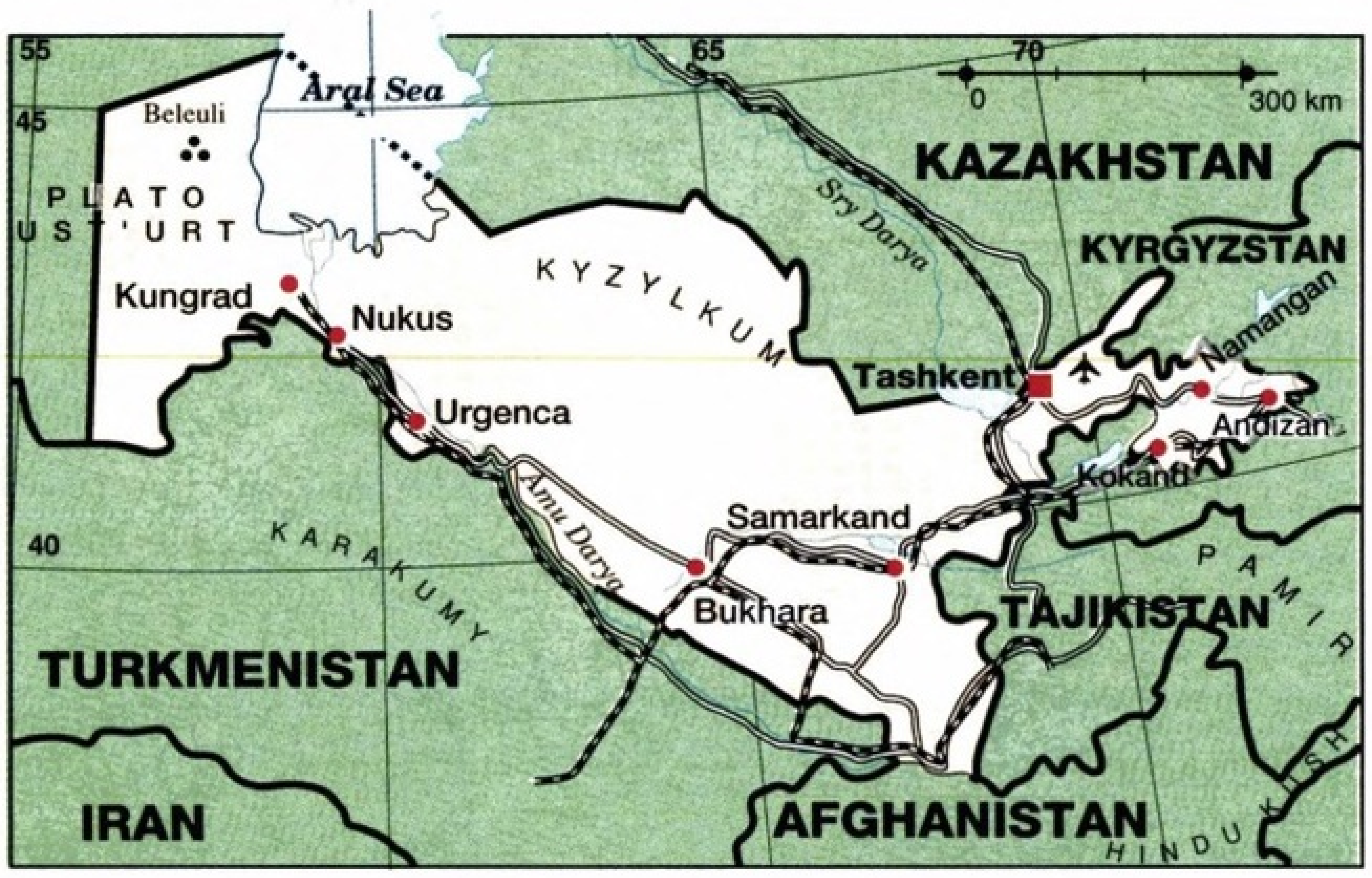
Maria Walsh is a direct activist in Britain with a special interest in human rights. Anyone who wants to become more involved with Chiapas can e-mail: chiapaslink@acephale.org

MARIA WALSH

Diez de Abril: one of the thousand 'communities in resistance' built on 'reclaimed' land and still maintaining bridges to the outside world.

Country profile

Uzbekistan



ITEM WORLD GUIDE 1997/98

In 1991 the tallest statue of Lenin, which stood in the largest Red Square in the former Soviet Union, was retired. He surrendered his pedestal in Tashkent, the capital city, to the world's only globe showing a single landmass – Uzbekistan – floating freely in space.

The country is reinventing itself, turning away from Russian, and subsequently Soviet, influence.

The Uzbek language is now visible again in Latin rather than Russian script. Folk art, music and dance are flourishing, while Islam is making a more subtle comeback in the form of new mosques and schools. Turquoise domes are springing up amongst the granite-grey Soviet concrete. But the majority of the population remains atheist – veils are no more common than in Europe.

Uzbekistan was created by Stalin, which makes it a young state. The region's culture, however, dates from at least the second century, when it was conquered by Alexander the Great.

There have been numerous such conquests, from Genghis Khan and Tamerlane to Amir Timur. The Uzbeks' language is Turkic-Iranian, their religion Arab, their faces come from Mongolia to the Mediterranean.

Samarkand and the Great Silk Road to China made the region famous throughout Asia and beyond, though today the traffic in drugs is more common than Uzbek silk along the Road.

The Soviet Union promoted the production of cotton, making Uzbekistan the fourth-largest cotton producer in the world – a cotton-bud motif still appears everywhere in the Tashkent Metro. But the Aral Sea has been virtually drained to irrigate the crop, causing a major environmental catastrophe.

Though 60 per cent of the country may be desert, the remainder is fertile, including green mountain slopes where one can bathe, picnic, walk and ski. In Tashkent – 'Bread City' or 'town of plenty' – sun-dried, sun-sweet fruit can be bought by the bucketful from the mounds of produce in Uzbek bazaars.

President Karimov says that 'fanaticism is not one of Uzbekistan's characteristics'. People may have been relaxed by centuries of sun-basking and tea-sipping – or they may be under the President's rather large thumb.

Karimov keeps the country on a tight rein. Outwardly, there are few visible signs of unrest – but prison sentences are long and, inwardly, Karimov does not appreciate criticism. Cuisine, countryside and culture are all one can safely write about under the arbitrary self-censorship restrictions.

The country has a suspect human-rights record. The police tend to be motivated more by money than justice; Russians complain of prejudice against them; homosexuals are breaking the law – the only former Soviet republic where this is still the case. A UN delegation decided against funding anti-AIDS provision whilst gays continue to be persecuted.

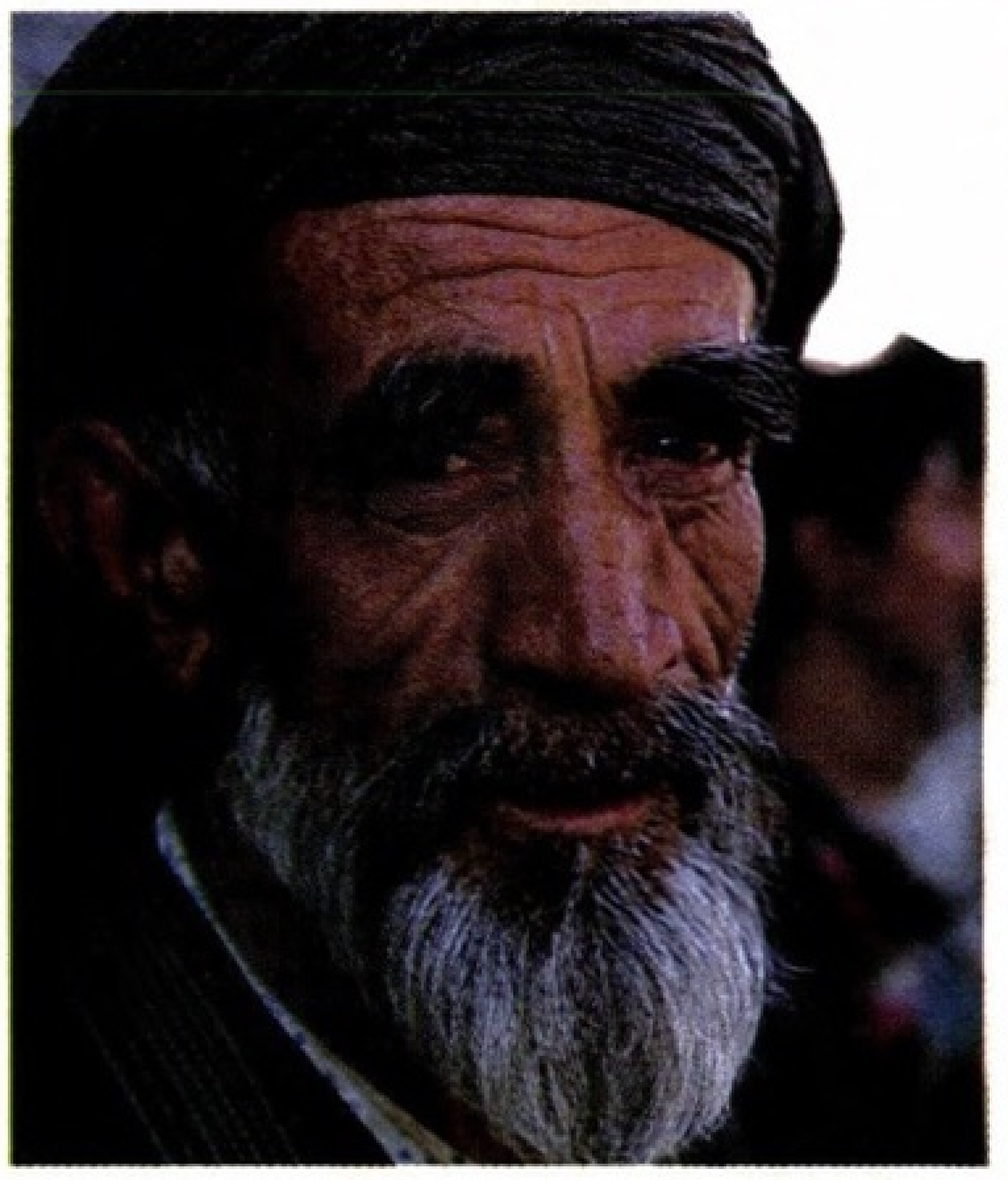
Though Mercedes-Benz, BAT tobacco, Newmont Mining and Daewoo have all set up shop in Tashkent, most foreign investors prefer Kazakhstan. There, the phone-lines are better, there is more access to information and currencies are freely convertible.

Uzbekistan – the seventh-largest gold producer in the world – is rich in natural resources, but the benefits for its people are limited. In common with the rest of the former Soviet Union, salaries remain pathetically low and educated specialists sell chewing gum in street markets.

Some still argue that a benevolent dictatorship aids stability. New statues and museums dedicated to the tyrant Amir Timur are part of the great Uzbek revival – even though he appears to have mellowed a little with his re-birth. ■

Amy Spurling

AT A GLANCE



JEREMY HORNER / PANOS PICTURES

Leader Islam Karimov.

Economy GNP per capita $970 (UK $18,340). Southeast Asian-style economic policies and privatizations, backed by the IMF and World Bank, were slow to start but are gathering pace.
Monetary Unit: Soum.
Main Exports: Cotton, gold.
Main Imports: Foodstuffs, machinery, oil.

People 23.2 million.

Health Infant mortality 46 per 1,000 live births (UK 6 per 1,000 live births).

Culture Mostly (75%) Uzbek, but with significant Russian, Kazakh, Tajik, Tatar, Jewish, Armenian, German and even Korean minorities.
Religion: Muslim (Sunni).
Language: Uzbek, Russian.

Sources: The World Guide 1997/8; The State of the World's Children 1998; Asia and Pacific Review 1997.

Never previously profiled

NI star rating

EXCELLENT	★★★★★
GOOD	★★★★
FAIR	★★★
POOR	★★
APPALLING	★

STAR RATINGS

INCOME DISTRIBUTION ★★
Large incomes are in the hands of the few – entrepreneurs or government ministers who have access to raw materials and convertible currency.

SELF-RELIANCE ★★★
Self-sufficient in gas and grain – produces uranium, metals, coal, tobacco, fruit and vegetables. But still heavily dependent on cotton exports.

POSITION OF WOMEN ★★
Majority educated to secondary level, but most do not have jobs outside the home.

LITERACY ★★★★★
Officially 100%, and virtually universal – a third of all students go on to higher education.

FREEDOM ★★
Little tolerance of dissent; courts and sentencing depend more on money than justice. Homosexuality is illegal.

LIFE EXPECTANCY ★★★
At 68 years, reasonable but, with a healthy climate and diet, should be better.

POLITICS

NI ASSESSMENT ★★
With opposition officially 'underground', the democratic credentials of the increasingly autocratic Karimov rest on a referendum in 1995 which gave Soviet-style 99.6% support to extending his term of office to 2000. Human Rights Watch in Helsinki say that although repression has eased, basic civil liberties 'remain suspended'.

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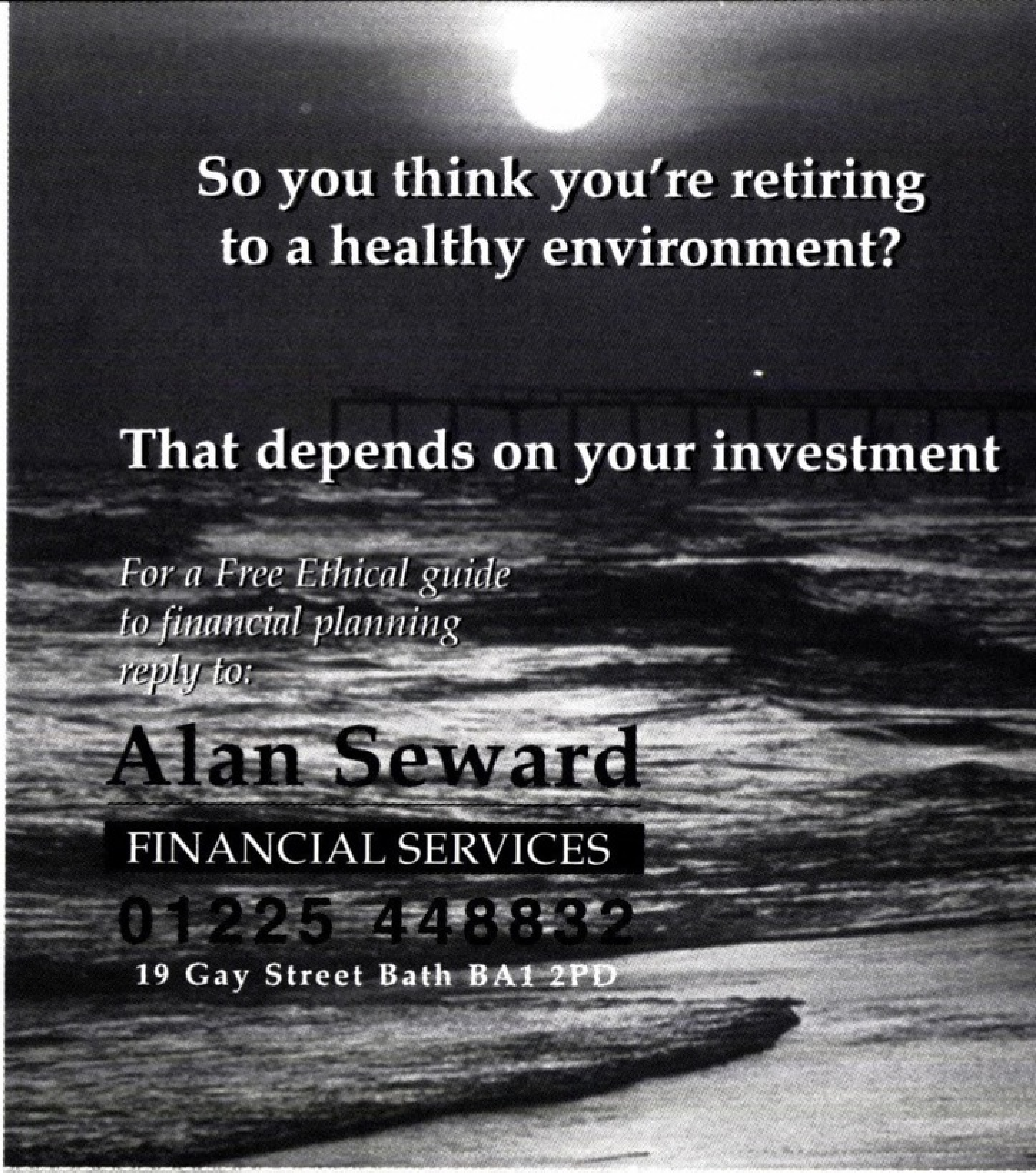

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